

SCHOOL DISTRICT U-46

**FINANCIAL STATEMENTS
JUNE 30, 2006**

URIDR WERMER, ROGERS, DORAN & RUZON LLC
Certified Public Accountants, Joliet, Illinois 60435

SCHOOL DISTRICT U-46
FINANCIAL STATEMENTS
JUNE 30, 2006

SCHOOL DISTRICT U-46

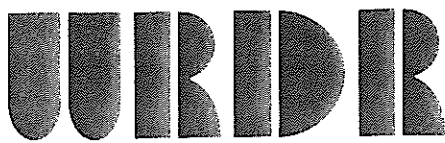
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WERMER, ROGERS, DORAN & RUZON LLC CERTIFIED PUBLIC ACCOUNTANTS

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To the Board of Education
School District U-46
355 E. Chicago St.
Elgin, IL 60120

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of School District U-46 as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, the District prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position - modified cash basis of the governmental activities, each major fund and the aggregate remaining fund information of School District U-46 as of June 30, 2006, and the respective changes in financial position - modified cash basis thereof for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 25, 2006 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing results of our audit.

The management's discussion and analysis, historical pension information, and budgetary comparison information are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the other required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The accompanying other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the District. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Werner, Rogers, Doran + Rogers, LLC

August 25, 2006

**REQUIRED SUPPLEMENTARY INFORMATION –
MANAGEMENT’S DISCUSSION AND ANALYSIS**

SCHOOL DISTRICT U-46

Management's Discussion and Analysis For the Year Ended June 30, 2006

The discussion and analysis of School District U-46 (the District) financial performance provides an overall review of the District's financial activities for the year ended June 30, 2006. The management of the District encourages readers to consider the information presented herein in conjunction with the financial statements to enhance their understanding of the District's financial performance. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the fiscal year by \$119,278 (net assets). Of this amount, \$24,806 represents unrestricted net assets.
- In total, net assets increased by \$7,217, which represents a 6.4% overall increase from the prior year. This increase was the result of an increase in the District's long-term obligations payable of \$4,095 or 1.1% along with an increase in the District's combined capital assets, inventory, and cash and investments of \$11,264 or 2.2%.
- General revenues were \$290,228 or 75.6% of all revenues. Program specific revenues, in the form of charges for services and grants, were \$93,715 or 24.4% of total revenues of \$383,943.
- Overall, the combined expenditures of the District's governmental funds were \$13,435 greater than revenues. However, after adding other financing sources, fund balances actually increased by \$9,512. This operating surplus increased the District's governmental funds' combined fund balance by 10.1% to \$103,348 from \$93,836 in the prior year. Of the year-end balance, \$126,265 represents an unreserved fund balance.
- The District issued a total of \$15,000 of General Obligation Limited School Bonds, for Series 2006A and 2006B. This money is to be used to for approved fire prevention and safety projects.
- The District issued \$34,000 of Working Cash Bonds in fiscal year 2004. This money continues to be used to fund the District's operations while waiting for tax and grant payments.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The basic financial statements are comprised of three components:

- District-wide financial statements.
- Fund financial statements.
- Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements.

District-Wide Financial Statements

The district-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business.

The statement of net assets presents information on all District assets and liabilities with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

SCHOOL DISTRICT U-46

Management's Discussion and Analysis For the Year Ended June 30, 2006

The District reports its financial activity using the modified cash basis of accounting. The statement of activities presents information showing how the government's net assets changed during the fiscal year being reported. All changes in net assets are reported when cash is received and disbursed. Additionally, activity related to the acquisition, depreciation and year-end balances of capital assets, as well as year-end balances and related changes in long-term debt in its government-wide financial statements are reported.

The district-wide financial statements present the District functions that are principally supported by taxes and intergovernmental revenues (governmental activities). The District's governmental activities include instructional services (regular education, special education and other), supporting services, community services, non-programmed charges, and debt service.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the District funds can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a school district's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund statement of assets, liabilities and fund balances and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains seven individual governmental funds. Information is presented separately in the governmental fund financial statements of the General Fund (the General Fund consists of three accounts: the Educational Account, the Tort Immunity Account, and the Operations and Maintenance Account), Working Cash Fund, Bond and Interest Fund and the Fire Prevention and Safety Fund, all of which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The District adopts an annual budget for each of the funds listed above. A budgetary to actual comparative schedule has been provided for each fund to demonstrate compliance with the budget.

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the district-wide financial statement because the resources of those funds are not available to support the District's own programs.

SCHOOL DISTRICT U-46

Management's Discussion and Analysis For the Year Ended June 30, 2006

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's progress in funding its obligation to provide pension benefits to its non-certified employees and budgetary comparison information for the General and Working Cash Funds.

District-Wide Financial Analysis

Net assets. The District's net assets increased by \$7,217 or 6.4% compared to the prior year. At year-end, total net assets were \$119,278 (see Table 1).

The District's financial position is the product of many factors. However, several events of the last year stand out:

- The District's long-term debt increased by \$4,095.
- The District continued to use bond proceeds to construct, improve and expand its facilities, spending \$16,003 on capital asset additions.
- The District's expenditures to maintain and operate the facilities within Board policy and guidelines continue to exceed its primary revenues, forcing the District to fund the increase with new debt and available net assets. In an effort to continually monitor and contain total operating costs of the District, the District performed efficiency audits that highlighted various areas of cost containment reduction.

However, since the State does not provide an ongoing capital improvements budget plan the District, in the future, will be forced to issue additional debt to address the improvements needed for its aging facilities.

As can be seen in Table 1, at the end of the current fiscal year, the District was able to report positive balances in each of the net asset categories. The largest portion of the District's net assets (54%) reflects its investment in capital assets (e.g., land, buildings, and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following table reflects the condensed statement of net assets at June 30, 2006 and 2005:

SCHOOL DISTRICT U-46

Management's Discussion and Analysis
For the Year Ended June 30, 2006

Table 1
Condensed Statement of Net Assets
(Dollars in Millions)

	2006	2005
Current and Other Assets	\$ 107.9	\$ 98.4
Capital Assets	406.9	405.1
Total Assets	<u>514.8</u>	<u>503.5</u>
Long-Term Debt Outstanding	391.0	386.8
Other Liabilities	4.5	4.6
Total Liabilities	<u>395.5</u>	<u>391.4</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	64.4	52.2
Restricted	30.1	84.0
Unrestricted	<u>24.8</u>	<u>(24.1)</u>
Total Net Assets	<u>\$ 119.3</u>	<u>\$ 112.1</u>

Current and other assets consist mainly of cash and investments. Capital assets include land, buildings and improvements and equipment; the 2006 balances were higher than the 2005 amounts due to capital spending exceeding depreciation during the fiscal year.

Long-term liabilities consist of bonds payable, purchase contracts and installment notes. Balances were higher in 2006 due to new debt issues exceeding scheduled debt payments. Other liabilities include unclaimed property and payroll related liabilities.

Changes in Net Assets *(dollar amounts in millions)*

The District's total revenues were \$383.9. Taxes and general state aid were 74.7% of the total or \$286.6. Real estate taxes increased \$7.5 over the prior year or 3.6%. This was due mainly to a 16.0% increase in the Equalized Assessed Value (EAV).

State and federal aid for specific programs brought in an additional \$81.7 of the total revenues, an increase of \$14.3 from the prior year. This increase was a result of the Capital Development Board delaying the issuance of certain bonds for the District from 2005 until 2006 fiscal year by approximately \$5.3. In addition the State Board of Education delayed final payments of the District's 2005 transportation grant along with several other grants until the fiscal year 2006.

The remaining \$12.0 came from fees charged for services and miscellaneous sources.

The total cost of all programs and services was \$376.7. The District's expenses are predominantly related to instruction and support services (caring for and transportation of students, etc.) These expenses accounted for 93.8% of the total (see Table 2). The District's other activities were 6.2% of total costs.

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Management's Discussion and Analysis For the Year Ended June 30, 2006

Total revenues on the Government-wide financial statements statement of activities surpassed expenditures, increasing net assets by \$7.2 over prior year.

The following table reflects the condensed statement of activities for the years ended June 30, 2006 and 2005:

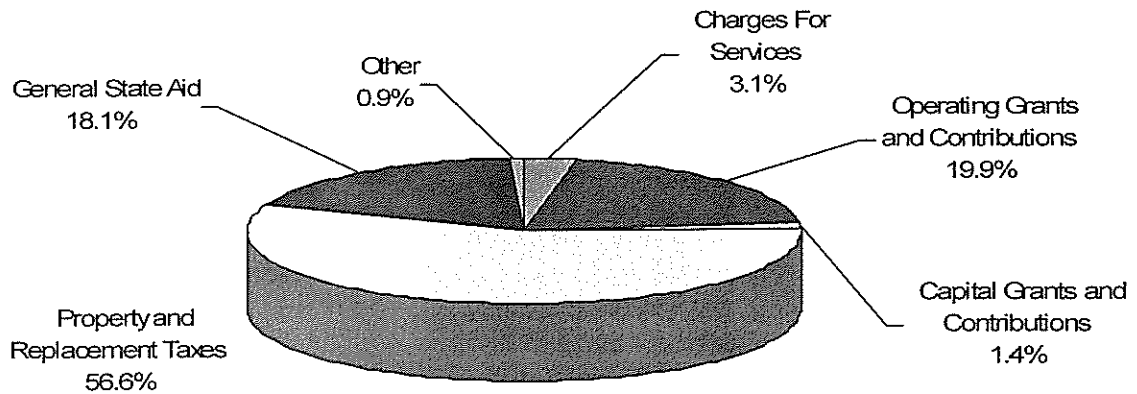
Table 2
Condensed Statement of Activities
(Dollars in Millions)

	<u>2006</u>	<u>2005</u>
Revenues		
Program Revenues		
Charges For Services	\$ 12.0	\$ 10.8
Operating Grants and Contributions	76.4	67.4
Capital Grants and Contributions	5.3	-
General Revenues		
Property and Replacement Taxes	217.1	208.8
General State Aid	69.5	64.3
Other	3.6	10.3
Total Revenues	<u>383.9</u>	<u>361.6</u>
Expenses		
Instruction	200.8	202.5
Support Services	152.7	129.7
Community Services	2.8	2.1
Nonprogrammed Charges	9.9	9.0
Interest on Debt	10.5	15.4
Total Expenses	<u>376.7</u>	<u>358.7</u>
Change in Net Assets	7.2	2.9
Net Assets - Beginning	112.1	109.2
Net Assets - Ending	<u>\$ 119.3</u>	<u>\$ 112.1</u>

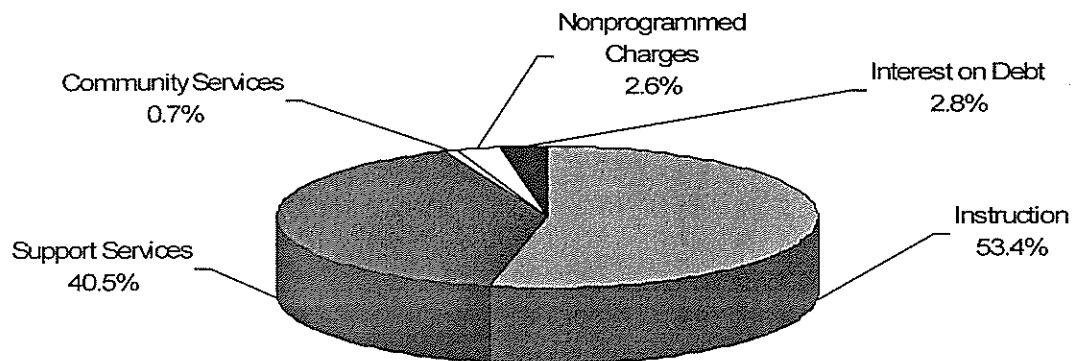
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Management's Discussion and Analysis
For the Year Ended June 30, 2006

District-wide Revenues By Source



District-wide Expenses



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Management's Discussion and Analysis For the Year Ended June 30, 2006

Financial Analysis of the District's Funds *(dollar amounts in thousands)*

As the District completed the year, its governmental funds reported combined fund balances of \$103,348. Revenues for the District's governmental funds were \$383,679, while total expenditures were \$397,114.

The General Fund experienced a current year operating excess after other financing sources of \$796. This excess contributed to an improved year-end deficit fund balance of (\$22,917). Factors that attributed the improvement are:

- Property taxes increased \$4,752 over the prior year or 2.9%, primarily due to an increase in the District's EAV as mentioned earlier.
- The District's largest expenditures (salaries and benefits) were \$240,037 or 75.1% of total expenditures of the General Fund. Salaries and benefits increased by \$12,591 or 5.5% over the prior year. Benefits decreased by \$3,146 or 5.9% from the prior year, while salaries increased \$15,737 or 9.0% from the prior year. Aggressive budgeting measures, which started during the 2002-03 school year, continue to manifest themselves through future balanced budgets and responsible fiscal planning. This is evident by the improved fund balance as stated above.
- The District saw increased investment earnings resulting from an improved national economy.
- The District continues to focus on cost containment. As part of this process, the District changed health care providers from Professional Benefit Administrators to United Health Care in January of 2005. The District is just beginning to realize the impact of these savings as this change has only been in effect for 18 months.
- Current year results were impacted budgetarily by the continuing deficit in the Operations and Maintenance Account which management will be addressing in the 2006-2007 fiscal year.

The fund balance in the Working Cash Fund remained at \$74,717 as the fund transferred its interest earnings to other funds.

The Fire Prevention and Safety Fund balance increased by \$11,318. This was primarily due to bond proceeds of \$15,000 and property taxes exceeding construction costs of \$5,391. The year-end fund balance of \$15,804 can only be used for approved projects.

General Fund Budgetary Highlights

While the District's budget for the General Fund anticipated that expenditures would exceed revenues by \$4,573 before other financing sources (uses), the actual result for the year was an excess of expenditures over revenues of \$5,754. This is due primarily by revenues falling short of budget by \$7,905 in property taxes, and \$1,721 in restricted and unrestricted state aid. Expenditures were below the amount budgeted primarily by the amount budgeted for contingencies. Overall expenditures were below budget by \$8,375 or 2.6%.

SCHOOL DISTRICT U-46

Management's Discussion and Analysis For the Year Ended June 30, 2006

Capital Asset and Debt Administration

Capital Assets

By the end of 2006, the District had invested \$550,225 (before accumulated depreciation of \$143,276) in a broad range of capital assets, including buildings (both school and administration facilities) property and equipment (computer, audio-visual, transportation and maintenance equipment and furniture), and land. (See Table 3.) (More detailed information about capital assets can be found in Note 4 to the financial statements.)

Depreciation expense for the year totaled \$14,198 and additions to buildings, and equipment and furniture amounted to \$16,003.

Table 3
Capital Assets (Net of Depreciation)
(In Millions of Dollars)

	<u>2006</u>	<u>2005</u>	<u>Percentage Change</u>
Land	\$ 27.6	\$ 27.6	0.0%
Depreciable Buildings	372.5	371.3	0.3%
Equipment	<u>6.8</u>	<u>6.2</u>	9.7%
Total	<u>\$ 406.9</u>	<u>\$ 405.1</u>	0.4%

The District's student enrollment has grown steadily over the last several years, 8.5% percent since 2000, to reach a present enrollment, as of September 30, 2005, of 40,915. To keep pace with the increasing enrollment, the District completed construction of a high school in addition to renovations and/or additions to 11 District buildings during the year. The high school opened for the start of the 2006 fiscal year.

Long-Term Debt

At year-end, the District had \$391,019 in general obligation bonds and other long-term debt outstanding, as shown in Table 4. (More detailed information about the District's long-term liabilities is presented in Note 5 to the financial statements.)

Table 4
Outstanding Long-Term Debt
(In Millions of Dollars)

	<u>2006</u>	<u>2005</u>	<u>Percentage Change</u>
General Obligation Bonds, Notes and Contracts	<u>\$ 391.0</u>	<u>\$ 386.5</u>	<u>1.2%</u>

SCHOOL DISTRICT U-46

Management's Discussion and Analysis For the Year Ended June 30, 2006

- In fiscal year 2006 the District issued \$15,000 in General Obligation bonds to be used for fire prevention and safety projects.
- The District continued to pay down its debt, retiring \$15,968 of outstanding bonds and \$2,621 of other notes and obligations.
- The District issued \$7,683 in long-term purchase contracts to finance the acquisition of equipment.
- The District's general obligations bonds have carried a rating of Aaa from Moody's.
- The state limits the amount of general obligation debt the District can issue to 13.8% of the assessed value of all taxable property within the District's limits. Outstanding debt is significantly below the current limit of \$667,861.

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future.

- The District lost a referendum in November 2002 requesting an Operations and Maintenance tax rate increase.
- The Illinois General Assembly has imposed property tax legislation on school districts to give property taxpayers some relief by delaying tax increases each year. The legislation limits the levy increase to the lesser of the consumer price index (CPI) or five percent and mandates the use of prior year equalized assessed valuation (EAV) amounts to generate property tax receipts. This "tax cap" continues to limit the District's tax collection ability.
- New residential development within the District's boundaries will cause continued growth in student population within the District. This growth translates into expanded enrollment. The District is continually projecting enrollment, anticipating building space and staffing levels.
- The current economy in the state continues to affect the District's state funding levels and timing of state receipts.
- The District does not currently know the extent to which its budget will be impacted by the affects of changing fuel costs.

Requests for Information

This financial report is designed to provide the District's citizens, taxpayers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the Assistant Superintendent's Office, School District U-46, 335 E. Chicago St., Elgin, IL 60120.

BASIC FINANCIAL STATEMENTS

SCHOOL DISTRICT U-46

Statement of Net Assets Modified Cash Basis June 30, 2006

	<u>Governmental Activities</u>
Assets	
Cash	\$ 73,556,259
Investments	33,892,128
Inventory	418,907
Capital Assets Not Being Depreciated	27,618,638
Capital Assets Being Depreciated, Net of Accumulated Depreciation	<u>379,330,260</u>
Total Assets	<u>\$ 514,816,192</u>
Liabilities and Net Assets	
Liabilities	
Unclaimed Property	\$ 1,092,604
Payroll Deductions	3,427,144
Long-term Obligations Payable, Due Within One Year	
General Obligation Bonds	19,974,529
Installment Notes	55,574
Purchase Contracts	3,199,742
Long-term Obligations Payable, Due in More Than One Year	
General Obligation Bonds	360,109,311
Installment Notes	263,235
Purchase Contracts	<u>7,416,391</u>
Total Liabilities	<u>395,538,530</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	64,420,112
Restricted for Debt Service	17,341,682
Restricted for Construction Projects	12,710,005
Unrestricted	<u>24,805,863</u>
Total Net Assets	<u>119,277,662</u>
Total Liabilities and Net Assets	<u>\$ 514,816,192</u>

See Accompanying Notes to the Basic Financial Statements.

SCHOOL DISTRICT U-46

Statement of Activities - Modified Cash Basis
For the Year Ended June 30, 2006

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental Activities:					
Instruction:					
Regular Programs	\$ 116,971,571	\$ 4,114,154	\$ 1,378,802	\$ -	(\$ 111,478,615)
Special Programs	37,621,812	351,522	25,094,482	-	(12,175,808)
Other Instructional Programs	34,864,900	1,046,348	10,505,887	-	(23,312,665)
On-Behalf TRS Payments	11,323,546	-	11,323,546	-	-
Total Instruction	<u>200,781,829</u>	<u>5,512,024</u>	<u>48,302,717</u>	<u>-</u>	<u>(146,967,088)</u>
Support Services:					
Pupils	21,227,982	-	297,573	-	(20,930,409)
Instructional Staff	14,308,445	-	2,403,801	-	(11,904,644)
General Administration	6,135,468	-	-	-	(6,135,468)
School Administration	20,650,619	-	-	-	(20,650,619)
Business	32,975,398	731,305	-	-	(32,244,093)
Facilities Acquisition and Construction	8,318,368	-	7,607,008	5,298,022	4,586,662
Transportation	20,628,584	274,392	11,309,792	-	(9,044,400)
Food Service	11,995,150	5,476,413	6,501,762	-	(16,975)
Central	16,399,058	-	-	-	(16,399,058)
Other Support	73,677	-	-	-	(73,677)
Total Support Services	<u>152,712,749</u>	<u>6,482,110</u>	<u>28,119,936</u>	<u>5,298,022</u>	<u>(112,812,681)</u>
Community Services	2,804,104	-	-	-	(2,804,104)
Nonprogrammed Charges	9,914,016	-	-	-	(9,914,016)
Debt Service - Interest and Fees	<u>10,513,740</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,513,740)</u>
	<u>\$ 376,726,438</u>	<u>\$ 11,994,134</u>	<u>\$ 76,422,653</u>	<u>\$ 5,298,022</u>	<u>(283,011,629)</u>

General Revenues:

Property Taxes, Levied for General Purposes	185,184,977
Property Taxes, Levied for Debt Service	28,312,083
Payments in Lieu of Taxes	3,580,340
Unrestricted State Grants	69,525,159
Interest and Investment Earnings	3,242,618
Other General Revenues	<u>383,062</u>

Total General Revenues 290,228,239

Change in Net Assets 7,216,610

Net Assets - Beginning of Year 112,061,052

Net Assets - End of Year \$ 119,277,662

See Accompanying Notes to the Basic Financial Statements.

SCHOOL DISTRICT U-46

Governmental Funds Statement of Assets, Liabilities and Fund Balances - Modified Cash Basis June 30, 2006

	General Fund	Working Cash Fund	Bond and Interest Fund
Assets			
Cash	\$ 15,580	\$ 22,902,812	\$ 17,341,682
Investments	32,368,826	-	-
Due From Other Funds	-	51,814,287	-
Inventory	418,907	-	-
Total Assets	<u>\$ 32,803,313</u>	<u>\$ 74,717,099</u>	<u>\$ 17,341,682</u>
Liabilities and Fund Balances			
Liabilities			
Unclaimed Property	\$ 981,536	\$ -	\$ -
Payroll Deductions	3,427,144	-	-
Due To Other Funds	51,312,170	-	-
Total Liabilities	<u>55,720,850</u>	<u>-</u>	<u>-</u>
Fund Balances			
Reserved for Inventory	418,907	-	-
Unreserved (Deficit), Reported in:			
General Fund	(23,336,444)	-	-
Special Revenue Funds	-	74,717,099	-
Debt Service Fund	-	-	17,341,682
Capital Projects Funds	-	-	-
Total Fund Balances	<u>(22,917,537)</u>	<u>74,717,099</u>	<u>17,341,682</u>
Total Liabilities and Fund Balances	<u>\$ 32,803,313</u>	<u>\$ 74,717,099</u>	<u>\$ 17,341,682</u>

See Accompanying Notes to the Basic Financial Statements.

Fire Prevention and Safety Fund	Other Governmental Funds	Total Governmental Funds
\$ 15,804,982	\$ 17,491,203	\$ 73,556,259
-	1,523,302	33,892,128
-	-	51,814,287
-	-	418,907
<u>\$ 15,804,982</u>	<u>\$ 19,014,505</u>	<u>\$ 159,681,581</u>
\$ -	\$ 111,068	\$ 1,092,604
-	-	3,427,144
-	502,117	51,814,287
<u>-</u>	<u>613,185</u>	<u>56,334,035</u>
-	-	418,907
-	-	(23,336,444)
-	7,086,501	81,803,600
-	-	17,341,682
<u>15,804,982</u>	<u>11,314,819</u>	<u>27,119,801</u>
<u>15,804,982</u>	<u>18,401,320</u>	<u>103,347,546</u>
<u>\$ 15,804,982</u>	<u>\$ 19,014,505</u>	<u>\$ 159,681,581</u>

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SCHOOL DISTRICT U-46

Reconciliation of the Governmental Funds Statement of Assets, Liabilities and Fund Balances to the Statement of Net Assets - Modified Cash Basis June 30, 2006

Total Fund Balances - Governmental Funds	\$ 103,347,546
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets net of accumulated depreciation of \$143,275,838 used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.	406,948,898
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Some liabilities reported in the statement of net assets do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds. These activities consist of:

General Obligation Bonds	(380,083,840)
Installment Notes	(318,809)
Purchase Contracts	(10,616,133)

Net Assets of Governmental Activities	<u>\$ 119,277,662</u>
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See Accompanying Notes to the Basic Financial Statements.

SCHOOL DISTRICT U-46

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis
For the Year Ended June 30, 2006

	General Fund	Working Cash Fund	Bond and Interest Fund
Revenues			
Property Taxes	\$ 169,899,408	\$ -	\$ 28,312,083
Replacement Taxes and Other Payments in Lieu of Taxes	3,280,340	-	-
Charges for Services	10,988,437	-	-
Earnings on Investments	1,695,517	1,398,037	30,022
Impact Fees, Rentals and Other Local Sources	1,230,901	-	-
State Grants-in-Aid	92,282,606	-	-
Federal Grants-in-Aid	23,045,877	-	-
TRS On-Behalf Payments	11,323,546	-	-
Total Revenues	<u>313,746,632</u>	<u>1,398,037</u>	<u>28,342,105</u>
Expenditures			
Current:			
Instruction:			
Regular Programs	111,517,742	-	-
Special Programs	34,906,457	-	-
Other Instructional Programs	32,475,845	-	-
Support Services:			
Pupils	19,526,056	-	-
Instructional Staff	13,305,660	-	-
General Administration	5,734,214	-	-
School Administration	18,832,053	-	-
Business	29,180,934	-	-
Facilities Acquisition & Construction	129,096	-	-
Transportation	810,770	-	-
Food Service	11,225,155	-	-
Central	11,001,081	-	-
Other Support	73,114	-	-
Community Services	2,623,555	-	-
Nonprogrammed Charges	9,914,016	-	-
Intergovernmental: TRS On-Behalf Payments	11,323,546	-	-
Debt Service - Interest and Fees	-	-	10,513,740
Debt Service - Principal	55,574	-	15,967,543
Capital Outlay	6,865,549	-	-
Total Expenditures	<u>319,500,417</u>	<u>-</u>	<u>26,481,283</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(5,753,785)</u>	<u>1,398,037</u>	<u>1,860,822</u>
Other Financing Sources (Uses)			
Principal on Bonds Sold	-	-	-
Premium on Bonds Sold	-	-	-
Accrued Interest on Bonds Sold	-	-	24,294
Transfers In	1,671,711	-	-
Transfers Out	-	(1,398,037)	(428,970)
Proceeds From Purchase Contracts	4,878,153	-	-
Total Other Financing Sources (Uses)	<u>6,549,864</u>	<u>(1,398,037)</u>	<u>404,676</u>
Net Change in Fund Balances	796,079	-	1,456,146
Fund Balances (Deficits), Beginning of Year	<u>(23,713,616)</u>	<u>74,717,099</u>	<u>15,885,536</u>
Fund Balances (Deficits), End of Year	<u>(\$ 22,917,537)</u>	<u>\$ 74,717,099</u>	<u>\$ 17,341,682</u>

See Accompanying Notes to the Basic Financial Statements.

Fire Prevention and Safety Fund	Other Governmental Funds	Total Governmental Funds
\$ 1,466,859	\$ 13,818,710	\$ 213,497,060
-	300,000	3,580,340
-	274,392	11,262,829
1,858	117,184	3,242,618
-	7,604,918	8,835,819
-	16,607,814	108,890,420
-	-	23,045,877
-	-	11,323,546
<u>1,468,717</u>	<u>38,723,018</u>	<u>383,678,509</u>

-	1,065,229	112,582,971
-	1,201,295	36,107,752
-	568,026	33,043,871
-	786,252	20,312,308
-	395,523	13,701,183
-	143,717	5,877,931
-	987,572	19,819,625
-	2,208,607	31,389,541
954,408	1,014,812	2,098,316
-	18,974,388	19,785,158
-	-	11,225,155
-	604,257	11,605,338
-	563	73,677
-	63,840	2,687,395
-	-	9,914,016
-	-	11,323,546
-	-	10,513,740
-	-	16,023,117
4,436,605	17,726,981	29,029,135
<u>5,391,013</u>	<u>45,741,062</u>	<u>397,113,775</u>
(3,922,296)	(7,018,044)	(13,435,266)

15,000,000	-	15,000,000
240,245	-	240,245
-	-	24,294
-	158,450	1,830,161
-	(3,154)	(1,830,161)
-	2,804,586	7,682,739
<u>15,240,245</u>	<u>2,959,882</u>	<u>22,947,278</u>
11,317,949	(4,058,162)	9,512,012
4,487,033	22,459,482	93,835,534
<u>\$ 15,804,982</u>	<u>\$ 18,401,320</u>	<u>\$ 103,347,546</u>

SCHOOL DISTRICT U-46

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities - Modified Cash Basis For the Year Ended June 30, 2006

Net Change in Fund Balances - Governmental Funds	\$	9,512,012
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*Amounts reported for governmental activities in the
Statement of Activities are different because*

Governmental funds report capital outlays as expenditures.

However, in the Statement of Activities, the cost of those assets are
depreciated over their estimated useful lives as depreciation expense.

This is the amount expenditures capitalized in the current period.		16,002,949
--	--	------------

This is the amount of depreciation recorded in the current period.	(14,198,163)
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Certain capital assets were disposed of before they were fully depreciated,
resulting in a net loss on disposition reported in the Statement Of
Activities, however the governmental funds do not recognize the loss.

	(5,552)
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Repayment of debt principal is an expenditure in the governmental
funds, but the repayment reduced long-term liabilities in the
Statement of Net Assets. The following amounts were retired:

General Obligation Bonds	15,967,543	
Installment Notes	55,574	
Purchase Contracts	<u>2,564,986</u>	18,588,103

Issuance of new debt is recorded as other financing sources
in the governmental funds, but the issuance of new
debt increases long-term liabilities in the Statement of Net Assets.
The following amounts were issued:

General Obligation Bonds	(15,000,000)	
Purchase Contracts	<u>(7,682,739)</u>	(22,682,739)

Change in Net Assets of Governmental Activities	\$	<u>7,216,610</u>
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See Accompanying Notes to the Basic Financial Statements.

SCHOOL DISTRICT U-46

Fiduciary Funds

Statement of Fiduciary Assets and Liabilities - Modified Cash Basis
June 30, 2006

	<u>Agency Funds</u> <u>Student Activity Funds</u>
Assets	
Cash	\$ 3,610,237
Total Assets	<u>\$ 3,610,237</u>
Liabilities	
Due To Activity Fund Organizations	<u>\$ 3,610,237</u>
Total Liabilities	<u>\$ 3,610,237</u>

See Accompanying Notes to the Basic Financial Statements.

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements
June 30, 2006

1. Summary of Significant Accounting Policies

The District operates as a public school system governed by an elected seven-member board. The District is organized under The School Code of the State of Illinois, as amended. The District serves the communities of Bartlett, Elgin, Hanover Park, South Elgin, Streamwood, Wayne and portions of Carol Stream, St. Charles, Schaumburg, West Chicago and Hoffman Estates.

Financial Reporting Entity

Accounting principles generally accepted in the United States of America require that the financial statements of the reporting entity include: (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in Government Accounting Standards Board (GASB) Statement No.'s 14 and 39 have been considered and there are no agencies or entities which should be presented with the District. Also, the District is not included as a component unit in any other government reporting entity, as defined by GASB pronouncements.

The District is the administrative agent for the Northern Kane County Regional Vocational System (NKCRVS). The NKCRVS is considered a separate entity for financial reporting purposes and is not considered a component unit of the District in accordance with GASB Standards; accordingly, the accounts of NKCRVS are not included in the accompanying basic financial statements.

Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the District are organized and operated on a basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The funds of the District are classified into two categories: governmental and fiduciary. In turn, each category is divided into separate fund types. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and presented as nonmajor funds. The fund classifications and a description of each existing fund type follow:

Governmental Funds

Governmental funds are used to account for the District's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general capital assets and the servicing of general long-term debt.

The District reports the following major governmental funds:

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements
June 30, 2006

1. Summary of Significant Accounting Policies

General Fund

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The District's general fund consists of three accounts: the Educational Account, which records direct costs of instruction and administration, including the District's food service operations, the Tort Immunity Account, which records a portion of the District's risk financing activities and the Operations and Maintenance Account, which reports all costs of maintaining, improving or repairing school building and property.

Working Cash Fund

The Working Cash Fund, (a special revenue fund) accounts for financial resources held by the District to be used for temporary interfund loans to other District funds.

Bond and Interest Fund

The Bond and Interest Fund, (a debt service fund) accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Fire Prevention and Safety Fund

The Fire Prevention and Safety Fund, (a capital projects fund) is used to account for the altering, reconstructing and repairing of the existing school buildings of the District.

The District also reports the following other fund types/funds:

Special Revenue Funds - The Special Revenue Fund type is used to account for the proceeds of specific revenue sources (other than those accounted for in Debt Service, Capital Projects or Fiduciary Funds) that are legally restricted to expenditures for specified purposes. It consists of the Transportation Fund, which accounts for the transportation of pupils, and the Municipal Retirement / Social Security Fund, which accounts for the District's share of retirement benefit and social security costs for employees.

Capital Projects Fund (Site and Construction Fund) - This fund accounts for financial resources to be used for the acquisition, construction or renovation of major capital facilities.

Fiduciary Fund - The reporting focuses on assets and liabilities. The District's fiduciary funds are agency funds, the Student Activity Funds. These funds account for assets held by the District as an agent for the students and teachers. The funds are custodial in nature and do not involve the measurement of results of operations. The amounts due to the activity fund organizations are equal to the assets.

District-Wide Financial Statements

The district-wide Statement of Net Assets and the Statement of Activities display information about the reporting government as a whole. The effect of interfund activity has been eliminated from these statements. Fiduciary funds are not included in the district-wide statements. Fiduciary funds are reported only in the Fiduciary Fund Statement of Assets and Liabilities at the fund financial statement level.

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements June 30, 2006

1. Summary of Significant Accounting Policies

The district-wide statements are reported using the modified cash basis of accounting measurement focus as explained below. The statement of net assets includes all current assets and current liabilities arising from cash transactions and all capital assets, net of accumulated depreciation, and long-term debt associated with the operation of the District.

The Statement of Activities reflects both the direct expenses and net cost of each function of the District's governmental activities. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges paid by the recipient for the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues that are not classified as program revenues, such as property taxes and general state aid, are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each District function is self-financing or draws from the general revenues of the District.

Fund Financial Statements

Governmental Funds

The District accounts for its governmental fund types and prepares its annual budget on the modified cash basis of accounting measurement focus, which varies from accounting principles generally accepted in the United States of America. With this measurement focus, only current assets and current liabilities arising from cash transactions are included on the balance sheet. Accordingly, revenues are recognized when received rather than when earned, and expenditures are recognized when paid rather than when the obligation is incurred, except for inventories purchased not yet issued and employees' share of payroll withholdings and unclaimed property not yet remitted to other governmental agencies at year-end. Consequently, property taxes and other revenues due, as well as amounts owed to vendors and suppliers are not included in the financial statements. Only assets representing a right to receive cash from a previous payment of cash are recorded as assets of a fund. In the same manner, only liabilities resulting from previous cash transactions are recorded as liabilities of a particular fund.

Differences occur from the manner in which the fund financial statements and the district-wide statements are prepared due to the inclusion of capital asset and long-term debt activity. The fund financial statements, therefore, include a reconciliation which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental column of the district-wide presentation.

Real Estate Taxes

Property taxes are levied each year on all taxable real property in the District on or before the last Tuesday in December. The 2005 tax levy was passed by the Board of Education on December 14, 2005, and attached as an enforceable lien on the property as of the preceding January 1. The taxes become due and collectible in March and September 2006 in Cook County and in June and September 2006 in DuPage County and Kane County, and are collected by the County Collector, who in turn returns to the District its respective share. The District receives the remittances from the County Treasurer approximately one month after collection. Property taxes are recorded upon receipt.

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements
June 30, 2006

1. Summary of Significant Accounting Policies

Investments

The investments are stated at fair value, based on quoted market prices.

Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The cost of governmental fund-type inventories are recorded as expenditures when purchased. General Fund inventory consists primarily of school supplies.

Capital Assets

Capital assets are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value). Donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight-line depreciation is used based on the following estimated useful lives:

Buildings	40 years
Transportation equipment	5 years
Other equipment	3-5 years

Interfund Transactions

The District has the following types of interfund transactions:

Loans – amounts provided with a requirement for repayment. Interfund loans are reported as interfund receivables (due from other funds) in lender funds and interfund payables (due to other funds) in borrower funds.

Reimbursements – repayments from the funds responsible for particular expenditure to the funds that initially paid for them. Reimbursements are reported as expenditure in the reimbursing fund and as a reduction of expenditures/expenses in the reimbursed fund.

Transfers – flows of assets (typically cash) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers.

Compensated Absences

The District records compensated absences when paid in cash. Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. No amount of material compensated absences existed at year-end that were required to be reported in the district-wide financial statements.

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements
June 30, 2006

1. Summary of Significant Accounting Policies

Long-Term Liabilities

In the statement of net assets, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as issuance costs, are recognized in the period the bonds are issued.

In the fund financial statements, bond premiums and discounts, as well as issuance costs, are recognized in the period the bonds are issued. Bond proceeds are reported as "other financing sources" as are applicable premiums or discounts. Issuance costs, even if withheld from the actual net proceeds received, are reported as expenditures.

Fund Balance / Net Assets

The District reserves those portions of fund balance which are legally segregated for specific future use or which do not represent available expendable resources and, therefore, are not available for appropriations for expenditures. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund balance reserves are established for inventory, tort immunity, debt service and capital projects.

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition/construction of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

Eliminations

Eliminations have been made in the statement of net assets to remove the "grossing-up" effect on assets and liabilities within the governmental activities column for amounts reported in the individual funds as interfund receivables and payables. Similarly, transfers between funds have been eliminated in the statement of activities.

Restricted Resources Policy

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources, as they are needed.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements June 30, 2006

2. Budgets and Budgetary Information

Annual budgets are adopted for all governmental fund types. The annual budgets are adopted on a basis consistent with modified cash basis accounting at the fund level. All budgets lapse at fiscal year end.

On or before July 1 of each year, the Superintendent is to submit for review by the Board of Education a proposed budget for the school year commencing on that date. After reviewing the proposed budget, the Board of Education holds public hearings and a final budget must be prepared and adopted no later than September 30.

The appropriated budget is prepared by fund and by function. The Board of Education may make transfers between functions within a fund not exceeding in the aggregate 10% of the total of such fund, and may amend the total budget following the same procedures required to adopt the original budget. The legal level of budgetary control is at the fund level. No supplemental budget was required and there were no transfers between functions during the year.

For budgetary purposes, the District did not recognize, as revenues received or expenditures paid, the \$11,323,546 retirement contributions made by the State to the Teachers' Retirement System of the State of Illinois (TRS) on behalf of the District.

The following schedule reconciles the revenues received and expenditures paid on the budgetary basis with the amounts presented in accordance with the comprehensive basis of accounting used by the District for the General Fund.

Revenues Received - Budgetary Basis	\$ 302,423,086
Unbudgeted Retirement Contributions Made by the State	<u>11,323,546</u>
Revenues Received - Modified Cash Basis	<u>313,746,632</u>
Expenditures Paid - Budgetary Basis	308,176,871
Unbudgeted Retirement Contributions To TRS	<u>11,323,546</u>
Expenditures Paid - Modified Cash Basis	<u>319,500,417</u>

3. Deposits and Investments

Permitted Deposits and Investments - State statutes and Board policy authorize the District to invest any available funds in: (1) direct obligations of or obligations guaranteed by the United States or its agencies; (2) commercial paper issued by United States corporations rated within the three highest classifications by at least two standard rating services and maturing within 180 days or less; (3) interest bearing savings accounts, certificates of deposit, or other time deposits in federally insured and/or state chartered banks and savings and loans associations; (4) the Illinois School District Liquid Asset Fund Plus (ISDLAF+); (5) the Illinois Funds; (6) money market mutual funds; (7) Bankers' acceptances of banks whose senior obligations are rated in the top two rating categories by two national rating agencies and maintain that rating during the term of the investment; (8) repurchase agreements of government securities; (9) and interest bearing bonds of any county, township, city, village incorporated town, municipality, or school district. Shares in the ISDLAF+ and the Illinois Funds represent investments in external investment pools that are regulated by the State of Illinois; the fair value of the position in the pools is the same as the value of the pool shares.

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements June 30, 2006

3. Deposits and Investments

Substantially all cash and investments are deposits and investments maintained in pooled accounts held in the name of the District.

Deposits

As of June 30, 2006, the District had deposits with federally insured financial institutions of \$75,816,987 with the book balances totaling \$70,599,285.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2006, \$587,836 of the District's bank balance of \$75,816,987 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Investments

Interest Rate Risk

The District's investment policy does not limit its investment portfolio to specific maturities.

Credit Risk

The District's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. Investment choices are not limited beyond the State statutes.

Concentration of Credit Risk.

The District places no limit on the amount it may invest in any one issuer. The following schedule reports the fair values and maturities (using the segmented time distribution method) for the District's investments at June 30, 2006. The schedule also includes credit ratings for by Standard & Poor's at June 30, 2006:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities Less Than One Year</u>	<u>% of Total Investments</u>	<u>Credit Ratings</u>
Illinois School District Liquid Asset Fund	\$ 1,523,302	\$ 1,523,302	3.77%	AAAm
Illinois Funds Money Market Fund	6,567,211	6,567,211	16.23%	AAAm
Government Money Market Fund Investments	32,368,826	32,368,826	80.00%	AAAm
	<u>\$ 40,459,339</u>	<u>\$ 40,459,339</u>	<u>100.00%</u>	

Custodial Credit Risk – Investments.

For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Illinois School District Liquid Asset Fund Plus, Illinois Funds, and the pooled cash and investments held by the District are not subject to custodial credit risk.

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements June 30, 2006

3. Deposits and Investments

The above deposits and investments are presented in the basic financial statements as cash and investments as follows:

Cash - Carrying Amount of District Deposits Per Note Above	\$ 70,599,285
Investments - Per Note Above	<u>40,459,339</u>
Total	<u>\$ 111,058,624</u>
 Cash Per Statement of Net Assets	 \$ 73,556,259
Investments Per Statement of Net Assets	33,892,128
Cash Per Statement of Fiduciary Assets and Liabilities	<u>3,610,237</u>
 Total	 <u>\$ 111,058,624</u>

4. Capital Assets

Capital asset balances and activity for the year ended June 30, 2006, are as follows:

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
Capital Assets Not Being Depreciated				
Land	\$ 27,618,638	\$ -	\$ -	\$ 27,618,638
Total Capital Assets Not Being Depreciated	<u>27,618,638</u>	<u>-</u>	<u>-</u>	<u>27,618,638</u>
Capital Asset Being Depreciated				
Buildings	484,324,039	12,940,399	-	497,264,438
Transportation Equipment	15,376,816	2,810,138	(1,661,310)	16,525,644
Other Equipment	8,563,604	252,412	-	8,816,016
Capital Asset Being Depreciated, Gross	<u>508,264,459</u>	<u>16,002,949</u>	<u>(1,661,310)</u>	<u>522,606,098</u>
Accumulated Depreciation				
Buildings	(113,000,265)	(11,776,120)	-	(124,776,385)
Transportation Equipment	(11,013,868)	(1,763,583)	1,655,758	(11,121,693)
Other Equipment	(6,719,300)	(658,460)	-	(7,377,760)
Total Accumulated Depreciation	<u>(130,733,433)</u>	<u>(14,198,163)</u>	<u>1,655,758</u>	<u>(143,275,838)</u>
Total Capital Assets Being Depreciated, Net of Depreciation	<u>377,531,026</u>	<u>1,804,786</u>	<u>(5,552)</u>	<u>379,330,260</u>
Total Capital Assets, Net of Depreciation	<u>\$ 405,149,664</u>	<u>\$ 1,804,786</u>	<u>\$ (5,552)</u>	<u>\$ 406,948,898</u>

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements June 30, 2006

4. Capital Assets

Depreciation expense was charged to governmental activities as follows:

Regular Programs	\$ 4,729,754
Special Education Programs	1,512,676
Other Instructional Programs	1,384,319
Pupils	850,953
Instructional Staff	573,989
General Administration	246,195
School Administration	830,310
Business	1,299,895
Transportation	1,763,583
Food Services	444,010
Central	449,895
Community Services	<u>112,584</u>
 Total	 <u>\$ 14,198,163</u>

5. Long-Term Obligations

The following is a summary of activity for the District's long-term debt for the year ended June 30, 2006:

	Balance July 1, 2005	Issuances/ Additions	Retirements/ Deletions	Balance June 30, 2006	Principal Due Within One Year
General Obligation Bonds	\$ 381,051,383	\$ 15,000,000	\$ 15,967,543	\$ 380,083,840	\$ 19,974,529
Installment Notes	374,383	-	55,574	318,809	55,574
Purchase Contracts	<u>5,498,380</u>	<u>7,682,739</u>	<u>2,564,986</u>	<u>10,616,133</u>	<u>3,199,742</u>
	<u>\$ 386,924,146</u>	<u>\$ 22,682,739</u>	<u>\$ 18,588,103</u>	<u>\$ 391,018,782</u>	<u>\$ 23,229,845</u>

The retirements of purchase contracts have been recorded as support services expenditures in the governmental funds financial statements.

At June 30, 2006 general long-term debt consisted of the following:

General Obligation Bonds - Payable by the Debt Service Fund:

\$39,900,000, 1995 Construction Bonds due in annual installments of \$3,625,000 to \$4,250,000 through 2007 with interest due semiannually at 5.25% to 9.0%.	\$ 4,250,000
\$14,999,900, 1996 Capital Appreciation School Building Bonds due in annual installments of \$351,564 to \$1,677,178 through 2014 with interest yielding 6.185%.	8,574,385
\$39,500,000, 1997 School Building Bonds due in annual installments of \$500,000 to \$13,825,000 through 2012 with interest due semiannually at 5.05% to 7.8%.	15,550,000

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements
June 30, 2006

5. Long-Term Obligations

\$32,300,000, 1998 School Building Bonds due in annual installments of \$100,000 to \$13,000,000 through 2015 with interest due semiannually at 4.14% to 5.45%.	\$ 31,500,000
\$18,300,000, 1999 School Building Bonds due in annual installments of \$250,000 to \$7,000,000 through 2019 with interest due semiannually at 5.05% to 5.25%.	17,050,000
\$57,999,743, 2001 Construction Bonds due in annual installments of \$982,125 to \$14,072,352 through 2016 with interest due semiannually at 5.2% to 9.0%.	51,715,057
\$54,499,619, 2002 Illinois Development Finance Authority Program Revenue Bonds due in annual installments of \$373,209 to \$14,528,432 in years 2016 through 2021 with interest due annually in years of maturity at a rate yielding 5.3789%.	54,499,619
\$22,625,000, 2003A School Bonds due in annual installments of \$830,000 to \$4,875,000 through 2009 with interest due semiannually at 2.0% to 3.25%.	15,555,000
\$65,999,779, 2003B Capital Appreciation School Bonds due in annual installments of \$847,515 to \$18,975,627 beginning in fiscal year 2009 through 2023 with interest due annually in years of maturity at a rate yielding 3.45% to 5.37%.	65,999,779
\$12,000,000, 2003C General Obligation Limited Tax School Bonds (Working Cash Bonds) due in annual installments of \$1,930,000 to \$2,885,000 through 2009 with interest due semiannually at 2.50% to 3.125%.	7,865,000
\$22,000,000, 2003D General Obligation Limited Tax School Bonds (Working Cash Bonds) due in annual installments of \$3,500,000 to \$5,390,000 beginning in fiscal year 2010 through 2014 with interest due semiannually at 5.00% to 5.60%.	22,000,000
\$71,790,000, 2005 General Obligation School Refunding Bonds with \$1,265,000 due in January 2006 and annual installments ranging from \$365,000 to \$15,085,000 beginning in fiscal year 2008 through 2020 with interest due semiannually at rates ranging from 3.00% to 5.00%.	70,525,000
\$3,885,000, 2006A General Obligation Limited School Bonds due in one annual installments of \$3,885,000 in 2007 with interest due semiannually at 4.5%.	3,885,000
\$11,115,000, 2006A General Obligation Limited School Bonds due in annual installments of \$1,725,000 to \$3,115,000 beginning in fiscal year 2008 through 2011 with interest due semiannually at 2.0% to 3.25%.	<u>11,115,000</u>
Total General Obligation Bonds	<u>\$ 380,083,840</u>

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements
June 30, 2006

5. Long-Term Obligations

Debt Service Requirements to Maturity - General Obligation Bonds: Annual debt service requirements to maturity for all bond issues to be paid from property taxes of the Bond and Interest Fund for each of the next five fiscal years and in five year increments thereafter are as follows:

Due In Fiscal Year	Total Debt Service	Principal	Interest
2007	\$ 30,860,412	\$ 19,974,529	\$ 10,885,883
2008	31,991,048	20,790,481	11,200,567
2009	33,955,141	22,857,839	11,097,302
2010	35,298,972	22,852,101	12,446,871
2011	35,588,497	24,544,453	11,044,044
2012-2016	189,670,059	124,455,214	65,214,845
2017-2021	221,397,600	110,113,046	111,284,554
2022-2023	<u>95,255,000</u>	<u>34,496,177</u>	<u>60,758,823</u>
Total	<u>\$ 674,016,729</u>	<u>\$ 380,083,840</u>	<u>\$ 293,932,889</u>

Legal debt margin:

As of June 30, 2006, the legal debt limit of the District was \$667,861,478, based upon 13.8 percent of its estimated 2005 equalized assessed valuation of \$4,839,575,931. The debt limit less outstanding debt of \$380,083,840 results in a legal debt margin of \$287,777,638 as of June 30, 2006.

Installment Notes:

Descriptions of the District's installment notes are as follows:

\$105,280, 1992 Interest Free Asbestos Abatement Federal Note, payable from the Operations and Maintenance Account, due in semi-annual installments of \$2,915 to \$2,949 through 2011	\$ 29,296
\$895,049, 1992 Interest Free Asbestos Abatement Federal Note, payable from the Operations and Maintenance Account, due in annual installments of \$49,724 through 2012.	<u>289,513</u>
Total Installment Notes	<u>\$ 318,809</u>

Purchase Contracts: As of June 30, 2006, the District had entered into approximately 140 lease/purchase contracts for copiers, buses, computer equipment, and other equipment, totaling \$10,616,133. Upon entering a contract, the District records the activity as a capital outlay expenditure with an offsetting credit to "proceeds from purchase contracts". Some items purchased through this method however, may not be capitalized as new equipment if the value of an individual item such as a desktop computer does not exceed the District's capitalization threshold.

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements
June 30, 2006

5. Long-Term Obligations

Debt Service Requirements to Maturity – Installment Notes and Purchase Contracts: Annual debt service requirements to maturity for installment notes and purchase contracts to be paid from the General and Transportation Funds for each of the next five fiscal years and in five year increments thereafter are as follows:

Due In Fiscal Year	Total Debt Service	Installment Notes	Purchase Contracts	
		Principal	Principal	Interest
2007	\$ 3,643,725	\$ 55,574	\$ 3,199,742	\$ 388,409
2008	3,385,434	55,574	3,076,866	252,994
2009	2,379,439	55,574	2,181,417	142,448
2010	1,337,682	55,574	1,212,850	69,258
2011	877,250	96,513	746,976	33,761
2012-2013	211,583	-	198,282	13,301
Total	<u>\$ 11,835,113</u>	<u>\$ 318,809</u>	<u>\$ 10,616,133</u>	<u>\$ 900,171</u>

6. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is self-insured for the above risks. For property related risks, the District maintains excess insurance coverage to cover claims in excess of \$100,000 per occurrence to a maximum of \$50,000,000. The amount of coverage has not decreased nor have the amount of settlements exceeded coverage in any of the past three fiscal years. It is not the policy of the District to purchase a majority of the medical insurance needed to cover its employees. Instead, management believes it is more economical to manage its risks by funding a self-insurance account and by having an outside agency administer its medical claims. The District does not assume unlimited liability for medical claims. As of June 30, 2006, the District had purchased (stop-loss) insurance to cover claims in excess of \$250,000 per person per year and \$2,000,000 lifetime. Estimated claims liabilities outstanding at June 30, 2006, based on historical cost information, total \$2,560,000, and these claims are expected to be paid from current available resources. Settled claims have not exceeded coverage in any of the past three fiscal years.

7. Retirement Plans

Teachers' Retirement System of the State of Illinois

The District participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago.

The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The State of Illinois maintains primary responsibility for the funding of the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the system's administration.

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements June 30, 2006

7. Retirement Plans

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2006, was 9.4 percent. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer.

In addition, virtually all employers and members pay a contribution to the Teachers' Health Insurance Security (THIS) Fund, a separate fund in the State Treasury that is not a part of this retirement plan. The employer THIS Fund contribution was 0.6 percent during the year ended June 30, 2006 and the member THIS Fund health insurance contribution was 0.80 percent.

The State of Illinois makes contributions directly to TRS on behalf of the District's TRS-covered employees.

On behalf contributions

The State of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2006, State of Illinois contributions were based on 7.06 percent of creditable earnings, and the District recognized revenue and expenditures of \$11,323,546 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2005, and June 30, 2004, the State of Illinois contribution rates as percentages of creditable earnings were 11.76 percent (\$16,153,122) and 13.98 percent (\$18,199,329), respectively.

The District makes other types of employer contributions directly to TRS.

2.2 formula contributions

Employers contribute 0.58 percent of creditable earnings for the 2.2 formula change. Contributions for the year ended June 30, 2006 were \$924,107. Contributions for the years ending June 30, 2005, and June 30, 2004, were \$832,505 and \$804,130, respectively.

Federal and trust fund contributions

When TRS members are paid from federal and trust funds administered by the District, there is a statutory requirement for the District to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective in the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and trust funds will be the same as the state contribution rate to TRS.

For the year ended June 30, 2006, the employer pension contribution was 7.06 percent of salaries paid from federal and trust funds. For the two years ended June 30, 2005, the employer pension contribution was 10.5 percent of salaries paid from those funds. For the year ended June 30, 2006, salaries totaling \$3,178,467 were paid from federal and trust funds that required employer contributions of \$224,400. For the years ended June 30, 2005, and June 30, 2004, required District contributions were \$648,786 and \$888,483, respectively.

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements
June 30, 2006

7. Retirement Plans

Early Retirement Option

The District is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member and under which ERO program the member retires.

Under Public Act 94-0004, a "Pipeline ERO" program is provided for members to retire under the same terms as the ERO program that expired June 30, 2005, provided they meet certain conditions and retire on or before July 1, 2007. If members do not meet these conditions, they can retire under the "Modified ERO" program which requires higher member and employer contributions to TRS. Also, under Modified ERO, Public Act 94-0004 eliminates the waiver of member and employer ERO contributions that had been in effect for members with 34 years of service (unless the member qualifies for the Pipeline ERO).

Under the ERO program that expired on June 30, 2005 and the Pipeline ERO, the maximum employer contribution is 100 percent of the member's highest salary used in the final average salary calculation.

Under the Modified ERO, the maximum employer contribution is 117.5 percent.

Both the 100 percent and 117.5 percent maximums apply when the member is age 55 at retirement.

For the year ended June 30, 2006, the District paid \$2,615,970 to TRS for employer contributions under the Pipeline ERO and Modified ERO programs. For the years ended June 30, 2005, and June 30, 2004 the District paid \$2,303,567 and \$1,712,087, respectively, in employer ERO contributions.

Further Information

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer and state funding requirements can be found in the *TRS Comprehensive Annual Financial Report* for the year ended June 30, 2005. The report for the year ended June 30, 2006, is expected to be available in late 2006. The reports may be obtained by writing to the Teachers' Retirement System of the State of Illinois, P.O. Box 19253, 2815 West Washington Street, Springfield, IL 62794-9253. The most current report is also available on the TRS Web site at trs.illinois.gov.

Illinois Municipal Retirement

The District's agent multiple employer defined benefit pension plan, the Illinois Municipal Retirement Fund (IMRF), provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code established the benefit provisions of the plan that can only be amended by the Illinois General Assembly.

IMRF issues a financial report that includes financial statements and required supplementary information. The report may be obtained at www.imrf.org/pubs/pubs_homepage.htm or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements June 30, 2006

7. Retirement Plans

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The member rate is established by state statute. The District is required to contribute at an actuarially determined rate. The employer rate for calendar year 2005 was 9.14 percent. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The remaining amortization period at December 31, 2005 was 27 years.

For the year ended December 31, 2005, the District's annual pension cost of \$4,195,749 was equal to the District's required and actual contributions. The required contribution was determined as part of the December 31, 2003, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50 percent investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4 percent to 11.6 percent per year depending on age and service, attributable to seniority/merit, and (d) postretirement benefit increases of 3 percent annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15 percent corridor. The assumptions used for the 2005 actuarial valuation and schedule of funding progress were based on the 2002-2004-experience study.

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/05	\$ 4,195,749	100%	\$ -
12/31/04	3,032,461	100%	-
12/31/03	3,457,927	100%	-
12/31/02	3,274,291	100%	-
12/31/01	3,109,638	100%	-
12/31/00	6,052,420	100%	-
12/31/99	2,944,406	100%	-
12/31/98	2,765,162	100%	-
12/31/97	2,492,966	100%	-
12/31/96	2,274,821	100%	-

8. Debt Defeasance

In prior years, the District advance refunded certain general obligation bonds by placing a portion of the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. As of June 30, 2006, the outstanding balance of all defeased bonds totals \$68,375,000.

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements
June 30, 2006

9. Other Financial Disclosures

Due To/From Other Funds

Interfund debt balances as of June 30, 2006 are as follows:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Major Governmental Funds		
General	\$ -	\$ 51,312,170
Working Cash	51,814,287	-
Nonmajor Governmental Funds	<u>-</u>	<u>502,117</u>
Total	<u>\$ 51,814,287</u>	<u>\$ 51,814,287</u>

The interfund debt balances reflect operating loans which are expected to be resolved in the following fiscal year.

Interfund Transfers

Transfers for the year ended June 30, 2006 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Governmental Funds		
General	\$ 1,671,711	\$ -
Working Cash	-	1,398,037
Bond and Interest	-	428,970
Nonmajor Governmental Funds	<u>158,450</u>	<u>3,154</u>
Total	<u>\$ 1,830,161</u>	<u>\$ 1,830,161</u>

Transfers were used to move unrestricted receipts from the working cash fund to the general fund and from the general fund to other funds to finance various programs as allowed by State statutes.

Expenditures Exceeding Operating Budgets

Expenditures exceeded budgeted expenditures in the following funds during fiscal year 2006:

<u>Fund</u>	<u>Final Budget</u>	<u>Actual Expenditures</u>	<u>Amount Over Budget</u>
Transportation Fund	\$ 18,851,038	\$ 19,597,059	\$ 746,021
Municipal Retirement / Social Security Fund	9,689,775	9,966,710	276,935
Site and Construction Fund	15,023,465	16,177,293	1,153,828
Fire Prevention and Safety Fund	5,295,750	5,391,013	95,263

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements
June 30, 2006

9. Other Financial Disclosures

Deficit fund balances

The General Fund and the Municipal Retirement / Social Security Fund had deficit fund balances as of June 30, 2006 of (\$22,917,537) and (\$502,117), respectively. The General Fund deficit is comprised of the following: Educational Account - \$2,222,161, Tort Immunity Account - (\$7,672,125) and Operations and Maintenance Account - (\$17,467,573). District management expects to reduce the deficits with future revenues and budget cuts.

10. Net Assets

Restricted Net Assets

Enabling legislation authorizes the District to levy payment of resources (property taxes) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. The District has levied for restricted property taxes for debt service, special education purposes, fire prevention and safety purposes, and tort immunity purposes. The District has restricted net assets for resources accumulated to make future payments on bonds in the amount of \$17,341,682 and has restricted net assets for resources accumulated for future construction projects for \$12,710,005, which is comprised of property tax monies, bond proceeds and impact fees. All resources received for special education purposes and tort immunity purposes were expended as of year end.

Change in Net Assets

The beginning of the year liability for purchase contracts payable was increased by \$380,334 to account for additional contracts entered into by the District. As a result, beginning of the year net assets for governmental activities was decreased by \$380,334. Additionally, beginning of the year capital assets and accompanying accumulated depreciation were both reduced by \$21,577,425 to eliminate the reporting of certain fully depreciated equipment that did not meet the District's capitalization threshold for financial reporting; these reductions had no effect on net assets.

11. Contingent Liabilities

Litigation: The District is a defendant in various lawsuits wherein substantial amounts are claimed. In the opinion of the District's legal council, these suits are without substantial merit and should not result in judgments, which in aggregate would have a material adverse effect on the District's financial statements.

Grants: Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government and the Illinois State Board of Education. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2006.

SCHOOL DISTRICT U-46

Notes to Basic Financial Statements
June 30, 2006

12. Commitments and Subsequent Events

At June 30, 2006, the District had approximately \$14,208,052 in outstanding construction project commitments. The projects pertained mainly to fire prevention and safety work to be done at various school buildings.

Subsequent to year end the District authorized for an Installment Purchase Agreement for the purpose of paying the cost of purchasing property, and providing for the Issue of a \$711,000 Debt Certificate, Series 2006 (Qualified Zone Academy Bonds).

Additionally the District entered into four new long-term purchase contracts totaling \$1,564,275 for new computer and other equipment.

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REQUIRED SUPPLEMENTARY INFORMATION

SCHOOL DISTRICT U-46

Required Supplementary Information Historical Pension Information Illinois Municipal Retirement Fund Schedule of Funding Progress June 30, 2006

Actuarial Valuation Date	Actuarial Value Of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL As A Percentage Of Covered Payroll ((b-a)/c)
12/31/2005	\$ 83,300,629	\$ 93,335,076	\$ 10,034,447	89.25%	\$ 45,905,352	21.86%
12/31/2004	75,666,381	73,882,121	(1,784,260)	102.42%	34,005,999	(5.25%)
12/31/2003	75,607,130	79,537,100	3,929,970	95.06%	42,428,550	9.26%
12/31/2002	74,023,230	76,272,517	2,249,287	97.05%	43,082,770	5.22%
12/31/2001	69,256,906	67,347,167	(1,909,739)	102.84%	38,438,046	(4.97%)
12/31/2000	62,971,744	60,033,466	(2,938,278)	104.89%	35,247,350	(8.34%)
12/31/1999	56,027,413	55,400,196	(627,217)	101.13%	31,256,971	(2.01%)
12/31/1998	45,343,080	48,531,704	3,188,624	93.43%	27,734,820	11.50%
12/31/1997	38,384,936	44,860,869	6,475,933	85.56%	25,666,905	25.23%
12/31/1996	32,353,685	39,315,425	6,961,740	82.29%	21,959,281	31.70%

On a market value basis, the actuarial value of assets as of December 31, 2005 is \$84,414,967. On a market value basis, the funded ratio would be 90.44%

*Digest of Changes

The actuarial assumptions used to determine the accrued liability for 2005 are based on the 2002-2004 Experience Study.

The principal changes were:

- The 1994 Group Annuity Mortality implemented.
- For Regular members, fewer normal and more early retirements are expected to occur.

SCHOOL DISTRICT U-46

Required Supplementary Information - Budgetary Comparison Information - General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budgetary Basis For the Year Ended June 30, 2006

	Original and Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues			
Property Taxes	\$ 177,804,733	\$ 169,899,408	(\$ 7,905,325)
Replacement Taxes and Other			
Payments in Lieu of Taxes	3,261,196	3,280,340	19,144
Charges for Services	10,557,392	10,988,437	431,045
Earnings on Investments	2,122,512	1,695,517	(426,995)
Rentals and Other Local Sources	1,342,802	1,230,901	(111,901)
State Grants-in-Aid	94,003,262	92,282,606	(1,720,656)
Federal Grants-in-Aid	22,887,373	23,045,877	158,504
Total Revenues	<u>311,979,270</u>	<u>302,423,086</u>	<u>(9,556,184)</u>
Expenditures			
Current:			
Instruction:			
Regular Programs	122,485,736	111,517,742	10,967,994
Special Programs	37,735,528	34,906,457	2,829,071
Other Instructional Programs	29,356,973	32,475,845	(3,118,872)
Support Services:			
Pupils	20,282,508	19,526,056	756,452
Instructional Staff	13,656,245	13,305,660	350,585
General Administration	6,361,031	5,734,214	626,817
School Administration	18,350,297	18,832,053	(481,756)
Business	30,619,687	29,180,934	1,438,753
Facilities Acquisition & Construction	65,250	129,096	(63,846)
Transportation	602,228	810,770	(208,542)
Food Service	9,820,001	11,225,155	(1,405,154)
Central	9,177,803	11,001,081	(1,823,278)
Other Support	91,798	73,114	18,684
Community Services	1,562,323	2,623,555	(1,061,232)
Nonprogrammed Charges	10,581,437	9,914,016	667,421
Debt Service - Principal	55,574	55,574	-
Capital Outlay	2,247,524	6,865,549	(4,618,025)
Contingency	3,500,000	-	3,500,000
Total Expenditures	<u>316,551,943</u>	<u>308,176,871</u>	<u>8,375,072</u>
Excess (Deficiency) of Revenues Over Expenditures	(4,572,673)	(5,753,785)	(1,181,112)
Other Financing Sources			
Transfers In	600,000	1,671,711	1,071,711
Proceeds From Purchase Contracts	-	4,878,153	4,878,153
Total Other Financing Sources	<u>600,000</u>	<u>6,549,864</u>	<u>5,949,864</u>
Net Change in Fund Balance	(\$ 3,972,673)	796,079	\$ 4,768,752
Fund Balance (Deficit), Beginning of Year		(23,713,616)	
Fund Balance (Deficit), End of Year		<u>(\$ 22,917,537)</u>	

SCHOOL DISTRICT U-46

Required Supplementary Information - Budgetary Comparison Information - Working Cash Fund
Schedule of Revenues and Changes in Fund Balance - Budget and Actual - Modified Cash Basis
For the Year Ended June 30, 2006

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues			
Earnings on Investments	\$ 600,000	\$ 1,398,037	\$ 798,037
Total Revenues	<u>600,000</u>	<u>1,398,037</u>	<u>798,037</u>
Other Financing (Uses)			
Transfers Out	(600,000)	(1,398,037)	(798,037)
Total Other Financing (Uses)	<u>(600,000)</u>	<u>(1,398,037)</u>	<u>(798,037)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance, Beginning of Year		<u>74,717,099</u>	
Fund Balance, End of Year		<u>\$ 74,717,099</u>	

Notes to Required Supplementary Information:

The Budgetary Comparison Information includes the activity of the General Fund and the Working Cash Fund (a major special revenue fund). The General Fund is presented on the budgetary basis of accounting. The budgetary basis differs from the modified cash basis in that the revenues of \$11,323,546 and the expenditures of the same amount recognized by the District for TRS on-behalf payments were not budgeted by the District and therefore are not presented in this schedule. The Working Cash Fund is presented on the modified cash basis of accounting. The budget was not amended during the fiscal year. The Tort Immunity Account and Operations and Maintenance Account of the General Fund had deficit fund balances at year end of (\$7,672,125) and (\$17,467,573), respectively. The District is working towards eliminating these deficits through future tax revenues.

OTHER SUPPLEMENTARY INFORMATION

SCHOOL DISTRICT U-46

General Fund

Statement of Assets, Liabilities and Fund Balances by Account - Modified Cash Basis
June 30, 2006

	<u>Educational Account</u>	<u>Tort Immunity Account</u>	<u>Operations and Maintenance Account</u>	<u>Total</u>
Assets				
Cash	\$ 14,800	\$ -	\$ 780	\$ 15,580
Investments	32,368,826	-	-	32,368,826
Inventory	418,907	-	-	418,907
Total Assets	<u>\$ 32,802,533</u>	<u>\$ -</u>	<u>\$ 780</u>	<u>\$ 32,803,313</u>
Liabilities and Fund Balances				
Liabilities				
Unclaimed Property	\$ 947,419	\$ -	\$ 34,117	\$ 981,536
Payroll Deductions	3,427,144	-	-	3,427,144
Due To Other Funds	26,205,809	7,672,125	17,434,236	51,312,170
Total Liabilities	<u>30,580,372</u>	<u>7,672,125</u>	<u>17,468,353</u>	<u>55,720,850</u>
Fund Balances				
Reserved For Inventory	418,907	-	-	418,907
Unreserved (Deficit)	1,803,254	(7,672,125)	(17,467,573)	(23,336,444)
Total Fund Balances	<u>2,222,161</u>	<u>(7,672,125)</u>	<u>(17,467,573)</u>	<u>(22,917,537)</u>
Total Liabilities and Fund Balances	<u>\$ 32,802,533</u>	<u>\$ -</u>	<u>\$ 780</u>	<u>\$ 32,803,313</u>

SCHOOL DISTRICT U-46

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances by Account - Modified Cash Basis
For the Year Ended June 30, 2006

	Educational Account	Tort Immunity Account	Operations and Maintenance Account	Intrafund Eliminations	Total
Revenues					
Property Taxes	\$ 151,073,786	\$ 3,091,820	\$ 15,733,802	\$ -	\$ 169,899,408
Replacement Taxes and Other Payments in Lieu of Taxes	1,237,497	-	2,042,843	-	3,280,340
Charges for Services	10,988,437	-	-	-	10,988,437
Earnings on Investments	1,657,087	5,653	32,777	-	1,695,517
Rentals and Other Local Sources	486,807	-	744,094	-	1,230,901
State Grants-in-Aid	90,280,516	-	2,002,090	-	92,282,606
Federal Grants-in-Aid	23,045,877	-	-	-	23,045,877
TRS On-Behalf of Payments	11,323,546	-	-	-	11,323,546
Total Revenues	290,093,553	3,097,473	20,555,606	-	313,746,632
Expenditures					
Current:					
Instruction:					
Regular Programs	110,999,146	518,596	-	-	111,517,742
Special Programs	34,906,457	-	-	-	34,906,457
Other Instructional Programs	32,475,845	-	-	-	32,475,845
Support Services:					
Pupils	19,526,056	-	-	-	19,526,056
Instructional Staff	13,305,660	-	-	-	13,305,660
General Administration	3,338,256	2,395,958	-	-	5,734,214
School Administration	18,832,053	-	-	-	18,832,053
Business	3,355,576	3,654,752	22,170,606	-	29,180,934
Facilities Acquisition & Construction	-	-	129,096	-	129,096
Transportation	798,459	11,507	804	-	810,770
Food Service	11,225,155	-	-	-	11,225,155
Central	10,797,004	204,077	-	-	11,001,081
Other Support	73,114	-	-	-	73,114
Community Services	2,623,555	-	-	-	2,623,555
Nonprogrammed Charges	9,914,016	-	-	-	9,914,016
Intergovernmental: TRS On-Behalf Payments	11,323,546	-	-	-	11,323,546
Capital Outlay	6,506,748	128,271	230,530	-	6,865,549
Total Expenditures	290,000,646	6,913,161	22,586,610	-	319,500,417
Excess (Deficiency) of Revenues Over Expenditures	92,907	(3,815,688)	(2,031,004)	-	(5,753,785)
Other Financing Sources (Uses)					
Transfers In	1,353,153	1,045,847	982,294	(1,709,583)	1,671,711
Transfers Out	(1,709,583)	-	-	1,709,583	-
Proceeds From Purchase Contracts	4,878,153	-	-	-	4,878,153
Total Other Financing Sources (Uses)	4,521,723	1,045,847	982,294	-	6,549,864
Net Change in Fund Balances	4,614,630	(2,769,841)	(1,048,710)	-	796,079
Fund Balances (Deficits), Beginning of Year	(2,392,469)	(4,902,284)	(16,418,863)	-	(23,713,616)
Fund Balances (Deficits), End of Year	\$ 2,222,161	(\$ 7,672,125)	(\$ 17,467,573)	\$ -	(\$ 22,917,537)

SCHOOL DISTRICT U-46

Educational Account

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budgetary Basis
For the Year Ended June 30, 2006

	Original and Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues			
Property Taxes	\$ 158,114,098	\$ 151,073,786	(\$ 7,040,312)
Replacement Taxes and Other			
Payments in Lieu of Taxes	1,376,960	1,237,497	(139,463)
Charges for Services	10,557,392	10,988,437	431,045
Earnings on Investments	71,008	1,657,087	1,586,079
Rentals and Other Local Sources	345,070	486,807	141,737
State Grants-in-Aid	92,003,262	90,280,516	(1,722,746)
Federal Grants-in-Aid	22,887,373	23,045,877	158,504
Total Revenues	<u>285,355,163</u>	<u>278,770,007</u>	<u>(6,585,156)</u>
Expenditures			
Current:			
Instruction			
Regular Programs	122,229,891	110,999,146	11,230,745
Special Programs	37,735,528	34,906,457	2,829,071
Other Instructional Programs	29,356,973	32,475,845	(3,118,872)
Support Services			
Pupils	20,282,508	19,526,056	756,452
Instructional Staff	13,656,245	13,305,660	350,585
General Administration	2,317,727	3,338,256	(1,020,529)
School Administration	18,350,297	18,832,053	(481,756)
Business	3,429,608	3,355,576	74,032
Transportation	578,760	798,459	(219,699)
Food Service	9,820,001	11,225,155	(1,405,154)
Central	8,767,874	10,797,004	(2,029,130)
Other Support	91,798	73,114	18,684
Community Services	1,562,323	2,623,555	(1,061,232)
Nonprogrammed Charges	10,581,437	9,914,016	667,421
Capital Outlay	1,852,752	6,506,748	(4,653,996)
Contingency	3,500,000	-	3,500,000
Total Expenditures	<u>284,113,722</u>	<u>278,677,100</u>	<u>5,436,622</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,241,441</u>	<u>92,907</u>	<u>(1,148,534)</u>
Other Financing Sources (Uses)			
Transfers In	600,000	1,353,153	753,153
Transfers Out	-	(1,709,583)	(1,709,583)
Proceeds From Purchase Contracts	-	4,878,153	4,878,153
Total Other Financing Sources (Uses)	<u>600,000</u>	<u>4,521,723</u>	<u>3,921,723</u>
Net Change in Fund Balance	<u>\$ 1,841,441</u>	<u>4,614,630</u>	<u>\$ 2,773,189</u>
Fund Balance (Deficit), Beginning of Year		(2,392,469)	
Fund Balance, End of Year		<u>\$ 2,222,161</u>	

SCHOOL DISTRICT U-46

Tort Immunity Account

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Modified Cash Basis
For the Year Ended June 30, 2006

	Original and Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues			
Property Taxes	\$ 3,328,870	\$ 3,091,820	(\$ 237,050)
Earnings on Investments	1,051,503	5,653	(1,045,850)
Total Revenues	4,380,373	3,097,473	(1,282,900)
Expenditures			
Current:			
Instruction			
Regular Programs	255,845	518,596	(262,751)
Support Services			
General Administration	4,043,304	2,395,958	1,647,346
Business	4,343,122	3,654,752	688,370
Transportation	23,468	11,507	11,961
Central	409,929	204,077	205,852
Capital Outlay	39,772	128,271	(88,499)
Total Expenditures	9,115,440	6,913,161	2,202,279
Excess (Deficiency) of Revenues Over Expenditures	(4,735,067)	(3,815,688)	919,379
Other Financing Sources			
Transfers In	-	1,045,847	1,045,847
Total Other Financing Sources	-	1,045,847	1,045,847
Net Change in Fund Balance	(\$ 4,735,067)	(2,769,841)	\$ 1,965,226
Fund Balance (Deficit), Beginning of Year		(4,902,284)	
Fund Balance (Deficit), End of Year		(\$ 7,672,125)	

SCHOOL DISTRICT U-46

Operations and Maintenance Account

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Modified Cash Basis
For the Year Ended June 30, 2006

	Original and Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues			
Property Taxes	\$ 16,361,765	\$ 15,733,802	(\$ 627,963)
Replacement Taxes and Other			
Payments in Lieu of Taxes	1,884,236	2,042,843	158,607
Earnings on Investments	1,000,001	32,777	(967,224)
Rentals and Other Local Sources	997,732	744,094	(253,638)
State Grants-in-Aid	2,000,000	2,002,090	2,090
Total Revenues	<u>22,243,734</u>	<u>20,555,606</u>	<u>(1,688,128)</u>
Expenditures			
Current:			
Support Services			
Business	22,846,957	22,170,606	676,351
Facilities Acquisition & Construction	65,250	129,096	(63,846)
Transportation	-	804	(804)
Debt Service - Principal	55,574	55,574	-
Capital Outlay	355,000	230,530	124,470
Total Expenditures	<u>23,322,781</u>	<u>22,586,610</u>	<u>736,171</u>
Excess (Deficiency) of Revenues Over Expenditures	(<u>1,079,047</u>)	(<u>2,031,004</u>)	(<u>951,957</u>)
Other Financing Sources			
Transfers In	<u>-</u>	<u>982,294</u>	<u>982,294</u>
Total Other Financing Sources	<u>-</u>	<u>982,294</u>	<u>982,294</u>
Net Change in Fund Balance	(<u>\$ 1,079,047</u>)	(<u>1,048,710</u>)	<u>\$ 30,337</u>
Fund Balance (Deficit), Beginning of Year		(<u>16,418,863</u>)	
Fund Balance (Deficit), End of Year		(<u>\$ 17,467,573</u>)	

SCHOOL DISTRICT U-46

Bond and Interest Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Modified Cash Basis
For the Year Ended June 30, 2006

	Original and Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues			
Property Taxes	\$ 28,361,196	\$ 28,312,083	(\$ 49,113)
Earnings on Investments	7,250	30,022	22,772
Total Revenues	<u>28,368,446</u>	<u>28,342,105</u>	<u>(26,341)</u>
Expenditures			
Current:			
Debt Service - Interest and Fees	11,779,043	10,513,740	1,265,303
Debt Service - Principal	14,702,543	15,967,543	(1,265,000)
Total Expenditures	<u>26,481,586</u>	<u>26,481,283</u>	<u>303</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,886,860</u>	<u>1,860,822</u>	<u>(26,038)</u>
Other Financing Sources (Uses)			
Accrued Interest on Bonds Sold	-	24,294	24,294
Transfers Out	-	(428,970)	(428,970)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(404,676)</u>	<u>(404,676)</u>
Net Change in Fund Balance	<u>\$ 1,886,860</u>	<u>1,456,146</u>	<u>(\$ 430,714)</u>
Fund Balance, Beginning of Year		<u>15,885,536</u>	
Fund Balance, End of Year		<u>\$ 17,341,682</u>	

SCHOOL DISTRICT U-46

Fire Prevention and Safety Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Modified Cash Basis
For the Year Ended June 30, 2006

	Original and Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues			
Property Taxes	\$ 1,638,287	\$ 1,466,859	(\$ 171,428)
Earnings on Investments	500	1,858	1,358
Total Revenues	<u>1,638,787</u>	<u>1,468,717</u>	<u>(170,070)</u>
Expenditures			
Current:			
Support Services			
Facilities Acquisition & Construction	755,750	954,408	(198,658)
Capital Outlay	<u>4,540,000</u>	<u>4,436,605</u>	<u>103,395</u>
Total Expenditures	<u>5,295,750</u>	<u>5,391,013</u>	<u>(95,263)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(3,656,963)</u>	<u>(3,922,296)</u>	<u>(265,333)</u>
Other Financing Sources			
Principal on Bonds Sold	-	15,000,000	15,000,000
Premium on Bonds Sold	<u>-</u>	<u>240,245</u>	<u>240,245</u>
Total Other Financing Sources	<u>-</u>	<u>15,240,245</u>	<u>15,240,245</u>
Net Change in Fund Balance	<u>(\$ 3,656,963)</u>	<u>11,317,949</u>	<u>\$ 14,974,912</u>
Fund Balance, Beginning of Year		<u>4,487,033</u>	
Fund Balance, End of Year		<u>\$ 15,804,982</u>	

SCHOOL DISTRICT U-46

Nonmajor Governmental Funds

Combining Statement of Assets, Liabilities and Fund Balances - Modified Cash Basis
June 30, 2006

	<u>Special Revenue Funds</u>			<u>Capital Projects Fund</u>	
		<u>Municipal Retirement/ Social Security Fund</u>	<u>Total Special Revenue Funds</u>	<u>Site and Construction Fund</u>	<u>Total</u>
Assets					
Cash	\$ 7,599,025	\$ -	\$ 7,599,025	\$ 9,892,178	\$ 17,491,203
Investments	-	-	-	1,523,302	1,523,302
Total Assets	<u>\$ 7,599,025</u>	<u>\$ -</u>	<u>\$ 7,599,025</u>	<u>\$ 11,415,480</u>	<u>\$ 19,014,505</u>
Liabilities and Fund Balances					
Liabilities					
Unclaimed Property	\$ 10,407	\$ -	\$ 10,407	\$ 100,661	\$ 111,068
Due To Other Funds	-	502,117	502,117	-	502,117
Total Liabilities	<u>10,407</u>	<u>502,117</u>	<u>512,524</u>	<u>100,661</u>	<u>613,185</u>
Fund Balances					
Unreserved (Deficit)	<u>7,588,618</u>	<u>(502,117)</u>	<u>7,086,501</u>	<u>11,314,819</u>	<u>18,401,320</u>
Total Fund Balances	<u>7,588,618</u>	<u>(502,117)</u>	<u>7,086,501</u>	<u>11,314,819</u>	<u>18,401,320</u>
Total Liabilities and Fund Balances	<u>\$ 7,599,025</u>	<u>\$ -</u>	<u>\$ 7,599,025</u>	<u>\$ 11,415,480</u>	<u>\$ 19,014,505</u>

SCHOOL DISTRICT U-46

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis
For the Year Ended June 30, 2006

	Special Revenue Funds			Capital Projects Fund	
	Transportation Fund	Municipal Retirement/ Social Security Fund	Total Special Revenue Funds	Site and Construction Fund	Total
Revenues					
Property Taxes	\$ 4,832,491	\$ 8,986,219	\$ 13,818,710	\$ -	\$ 13,818,710
Replacement Taxes	-	300,000	300,000	-	300,000
Charges for Services	274,392	-	274,392	-	274,392
Earnings on Investments	5,422	11,529	16,951	100,233	117,184
Impact Fees and					
Other Local Sources	-	-	-	7,604,918	7,604,918
State Grants-in-Aid	11,309,792	-	11,309,792	5,298,022	16,607,814
Total Revenues	<u>16,422,097</u>	<u>9,297,748</u>	<u>25,719,845</u>	<u>13,003,173</u>	<u>38,723,018</u>
Expenditures					
Current:					
Instruction					
Regular Programs	-	1,065,229	1,065,229	-	1,065,229
Special Programs	-	1,201,295	1,201,295	-	1,201,295
Other Instructional Programs	-	568,026	568,026	-	568,026
Support Services					
Pupils	-	786,252	786,252	-	786,252
Instructional Staff	-	395,523	395,523	-	395,523
General Administration	-	143,717	143,717	-	143,717
School Administration	-	987,572	987,572	-	987,572
Business	-	1,847,744	1,847,744	360,863	2,208,607
Facilities Acquisition & Construction	-	48,615	48,615	966,197	1,014,812
Transportation	16,720,311	2,254,077	18,974,388	-	18,974,388
Central	-	604,257	604,257	-	604,257
Other Support	-	563	563	-	563
Community Services	-	63,840	63,840	-	63,840
Capital Outlay	2,876,748	-	2,876,748	14,850,233	17,726,981
Total Expenditures	<u>19,597,059</u>	<u>9,966,710</u>	<u>29,563,769</u>	<u>16,177,293</u>	<u>45,741,062</u>
Excess (Deficiency) of Revenues Over Expenditures	(3,174,962)	(668,962)	(3,843,924)	(3,174,120)	(7,018,044)
Other Financing Sources (Uses)					
Transfers In	-	158,450	158,450	-	158,450
Transfers Out	(3,154)	-	(3,154)	-	(3,154)
Proceeds From Purchase Contracts	2,804,586	-	2,804,586	-	2,804,586
Total Other Financing Sources (Uses)	<u>2,801,432</u>	<u>158,450</u>	<u>2,959,882</u>	<u>-</u>	<u>2,959,882</u>
Net Change in Fund Balances	(373,530)	(510,512)	(884,042)	(3,174,120)	(4,058,162)
Fund Balances, Beginning of Year	7,962,148	8,395	7,970,543	14,488,939	22,459,482
Fund Balances (Deficits), End of Year	<u>\$ 7,588,618</u>	<u>(\$ 502,117)</u>	<u>\$ 7,086,501</u>	<u>\$ 11,314,819</u>	<u>\$ 18,401,320</u>

SCHOOL DISTRICT U-46

Transportation Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Modified Cash Basis
For the Year Ended June 30, 2006

	Original and Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues			
Property Taxes	\$ 5,210,480	\$ 4,832,491	(\$ 377,989)
Charges for Services	277,000	274,392	(2,608)
Earnings on Investments	2,000	5,422	3,422
State Grants-in-Aid	13,206,408	11,309,792	(1,896,616)
Total Revenues	<u>18,695,888</u>	<u>16,422,097</u>	<u>(2,273,791)</u>
Expenditures			
Current:			
Support Services			
Transportation	17,670,038	16,720,311	949,727
Capital Outlay	1,181,000	2,876,748	(1,695,748)
Total Expenditures	<u>18,851,038</u>	<u>19,597,059</u>	<u>(746,021)</u>
Excess (Deficiency) of Revenues Over Expenditures	(155,150)	(3,174,962)	(3,019,812)
Other Financing Sources (Uses)			
Transfers Out	-	(3,154)	(3,154)
Proceeds From Purchase Contracts	-	2,804,586	2,804,586
Total Other Financing Sources (Uses)	<u>-</u>	<u>2,801,432</u>	<u>2,801,432</u>
Net Change in Fund Balance	<u>(\$ 155,150)</u>	<u>(373,530)</u>	<u>(\$ 218,380)</u>
Fund Balance, Beginning of Year		7,962,148	
Fund Balance, End of Year		<u>\$ 7,588,618</u>	

SCHOOL DISTRICT U-46

Municipal Retirement / Social Security Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Modified Cash Basis
For the Year Ended June 30, 2006

	Original and Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues			
Property Taxes	\$ 9,967,510	\$ 8,986,219	(\$ 981,291)
Replacement Taxes	-	300,000	300,000
Earnings on Investments	-	11,529	11,529
Total Revenues	<u>9,967,510</u>	<u>9,297,748</u>	<u>(669,762)</u>
Expenditures			
Current:			
Instruction			
Regular Programs	1,979,421	1,065,229	914,192
Special Programs	1,025,454	1,201,295	(175,841)
Other Instructional Programs	520,108	568,026	(47,918)
Support Services			
Pupils	726,525	786,252	(59,727)
Instructional Staff	354,426	395,523	(41,097)
General Administration	102,106	143,717	(41,611)
School Administration	880,576	987,572	(106,996)
Business	1,747,877	1,847,744	(99,867)
Facilities Acquisition & Construction	-	48,615	48,615
Transportation	1,744,695	2,254,077	(509,382)
Food Service	26,976	-	26,976
Central	459,846	604,257	(144,411)
Other Support	-	563	563
Community Services	121,765	63,840	57,925
Total Expenditures	<u>9,689,775</u>	<u>9,966,710</u>	<u>276,935</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>277,735</u>	<u>(668,962)</u>	<u>(946,697)</u>
Other Financing Sources			
Transfers In	-	158,450	158,450
Total Other Financing Sources	-	158,450	158,450
Net Change in Fund Balance	<u>\$ 277,735</u>	<u>(510,512)</u>	<u>(\$ 788,247)</u>
Fund Balance, Beginning of Year		8,395	
Fund Balance (Deficit), End of Year		<u>(\$ 502,117)</u>	

SCHOOL DISTRICT U-46

Site and Construction Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Modified Cash Basis
For the Year Ended June 30, 2006

	Original and Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues			
Earnings on Investments	\$ 100,000	\$ 100,233	\$ 233
Impact Fees and Other Local Sources	1,042,000	7,604,918	6,562,918
State Grants-in-Aid	4,000,000	5,298,022	1,298,022
Total Revenues	<u>5,142,000</u>	<u>13,003,173</u>	<u>7,861,173</u>
Expenditures			
Current:			
Support Services			
Business	-	360,863	(360,863)
Facilities Acquisition & Construction	1,167,465	966,197	201,268
Capital Outlay	13,856,000	14,850,233	(994,233)
Total Expenditures	<u>15,023,465</u>	<u>16,177,293</u>	<u>(1,153,828)</u>
Net Change in Fund Balance	(<u>\$ 9,881,465</u>)	(3,174,120)	<u>\$ 6,707,345</u>
Fund Balance, Beginning of Year		14,488,939	
Fund Balance, End of Year		<u>\$ 11,314,819</u>	

SCHOOL DISTRICT U-46

Agency Funds - Student Activity Funds Schedule of Cash Receipts, Disbursements and Ending Balances For the Year Ended June 30, 2006

	Balance July 1, 2005	Receipts	Disbursements	Balance June 30, 2006
High Schools				
Bartlett	\$ 514,086	\$ 2,015,801	\$ 2,016,577	\$ 513,310
Elgin	357,726	1,131,771	1,048,532	440,965
Larkin	562,125	1,581,557	1,612,073	531,609
Streamwood	419,464	1,199,778	1,259,523	359,719
Gifford	66,820	51,272	65,767	52,325
South Elgin	-	554,934	409,891	145,043
	<hr/>	<hr/>	<hr/>	<hr/>
Total High Schools	1,920,221	6,535,113	6,412,363	2,042,971
	<hr/>	<hr/>	<hr/>	<hr/>
Middle Schools				
Abbott	22,420	117,755	113,154	27,021
Canton	168,037	148,634	137,332	179,339
Eastview	94,257	298,192	299,726	92,723
Ellis	37,427	84,524	99,523	22,428
Kenyon Woods	41,822	200,548	194,961	47,409
Kimball	22,524	129,132	116,715	34,941
Larsen	66,849	102,949	105,731	64,067
Tefft	17,627	180,598	163,970	34,255
	<hr/>	<hr/>	<hr/>	<hr/>
Total Middle Schools	470,963	1,262,332	1,231,112	502,183
	<hr/>	<hr/>	<hr/>	<hr/>
Elementary Schools				
Bartlett	67,054	102,988	147,281	22,761
Centennial	72,293	140,459	156,007	56,745
Century Oaks	12,783	32,327	39,324	5,786
Channing	45,311	37,304	36,105	46,510
Clinton	28,141	51,057	47,504	31,694
Coleman	27,131	79,178	84,785	21,524
Creekside	20,840	72,113	80,123	12,830
Fox Meadow	91,401	140,990	148,948	83,443
Garfield	8,533	46,615	41,318	13,830
Gifford	32,136	76,856	75,493	33,499
Glenbrook	35,338	67,625	80,545	22,418
Hanover Countryside	45,767	63,610	70,233	39,144
Hawk Hollow	15,923	92,443	95,707	12,659
Heritage	20,156	45,569	40,171	25,554
Highland	27,839	57,534	64,871	20,502
Hillcrest	26,560	40,033	51,846	14,747
Hilltop	6,609	72,784	68,117	11,276
Horizon	32,120	96,255	113,127	15,248
Huff	14,781	37,578	44,019	8,340
Laurel Hill	19,938	53,049	56,915	16,072
Liberty	44,891	100,297	87,749	57,439

SCHOOL DISTRICT U-46

Agency Funds - Student Activity Funds Schedule of Cash Receipts, Disbursements and Ending Balances For the Year Ended June 30, 2006

	<u>Balance July 1, 2005</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance June 30, 2006</u>
Lincoln	\$ 4,512	\$ 57,079	\$ 56,378	\$ 5,213
Lords Park	40,380	81,933	93,222	29,091
Lowrie	15,638	35,518	38,333	12,823
McKinley	18,995	41,884	45,407	15,472
Nature Ridge	8,309	57,246	61,813	3,742
Oakhill	15,169	67,011	73,856	8,324
Ontarioville	20,251	61,467	65,247	16,471
Otter Creek	15,410	102,478	93,521	24,367
Parkwood	35,596	24,461	47,197	12,860
Praireview	39,565	96,071	95,770	39,866
Ridge Circle	3,930	94,203	88,031	10,102
Sheridan	8,330	48,666	52,196	4,800
Spring Trail	40,853	60,391	85,321	15,923
Sunnydale	6,648	45,112	46,514	5,246
Sycamore Trails	62,611	141,335	149,697	54,249
Washington	17,139	86,002	78,434	24,707
Wayne	47,668	103,589	91,117	60,140
Willard	28,854	69,296	66,167	31,983
Total Elementary Schools	<u>1,125,403</u>	<u>2,780,406</u>	<u>2,958,409</u>	<u>947,400</u>
Other				
Adult Education	2,539	12	85	2,466
Safe Program	81,080	237,492	242,165	76,407
U-46 Summer School	<u>251,227</u>	<u>47,097</u>	<u>259,514</u>	<u>38,810</u>
Total Other	<u>334,846</u>	<u>284,601</u>	<u>501,764</u>	<u>117,683</u>
Total All Agency Funds	<u>\$ 3,851,433</u>	<u>\$ 10,862,452</u>	<u>\$ 11,103,648</u>	<u>\$ 3,610,237</u>

SCHOOL DISTRICT U-46

Schedule of Expenditures for Tort Immunity Purposes For the Year Ended June 30, 2006

Workers' Compensation Act and/or Workers' Occupational Disease Act	\$ 2,301,500
Unemployment Insurance Act	204,077
Insurance (Regular or Self-Insurance)	1,693,579
Judgments/Settlements	264,456
Educational, Inspectional, Supervisory Services Related to Loss Prevention/Reduction	1,290,168
Legal Services	<u>1,159,381</u>
Total Tort Immunity Purposes Expenditures	<u>\$ 6,913,161</u>

The District levies property taxes for tort immunity/liability insurance purposes. As required by Public Act 91-0268 passed by the Illinois General Assembly, the District is including the above list of tort immunity purposes expenditures in its annual financial report.

The District's total tax extension for liability insurance purposes for tax year 2005 as levied by Cook, DuPage and Kane Counties was \$3,130,296. Any shortfall to cover expenditures in excess of taxes collected is derived from other revenues of the District. Any excess of revenues over expenditures is carried forward to subsequent fiscal years subject to a statutory formula.

SCHOOL DISTRICT U-46

Schedule of Bond Debt and Annual Interest Requirements June 30, 2006

	Total	Due in Fiscal Year Ended June 30,					
		2007	2008	2009	2010	2011	Thereafter
August 1995 issue:							
Principal	\$ 4,250,000	\$ 4,250,000	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	382,500	382,500	-	-	-	-	-
	<u>4,632,500</u>	<u>4,632,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
April 1996 issue							
Principal	8,574,385	1,017,179	1,015,956	1,002,084	995,005	1,203,975	3,340,186
Interest	11,805,615	932,821	1,054,044	1,167,916	1,294,995	1,741,025	5,614,814
	<u>20,380,000</u>	<u>1,950,000</u>	<u>2,070,000</u>	<u>2,170,000</u>	<u>2,290,000</u>	<u>2,945,000</u>	<u>8,955,000</u>
April 1997 issue							
Principal	15,550,000	700,000	1,025,000	-	-	-	13,825,000
Interest	6,613,776	1,168,213	1,132,163	1,078,350	1,078,350	1,078,350	1,078,350
	<u>22,163,776</u>	<u>1,868,213</u>	<u>2,157,163</u>	<u>1,078,350</u>	<u>1,078,350</u>	<u>1,078,350</u>	<u>14,903,350</u>
February 1998 issue							
Principal	31,500,000	200,000	250,000	250,000	300,000	350,000	30,150,000
Interest	13,117,416	1,639,063	1,630,163	1,618,913	1,607,413	1,593,313	5,028,551
	<u>44,617,416</u>	<u>1,839,063</u>	<u>1,880,163</u>	<u>1,868,913</u>	<u>1,907,413</u>	<u>1,943,313</u>	<u>35,178,551</u>
February 1999 issue							
Principal	17,050,000	-	-	-	-	-	17,050,000
Interest	10,379,000	863,000	863,000	863,000	863,000	863,000	6,064,000
	<u>27,429,000</u>	<u>863,000</u>	<u>863,000</u>	<u>863,000</u>	<u>863,000</u>	<u>863,000</u>	<u>23,114,000</u>
March 2001 issue							
Principal	51,715,057	2,417,350	2,444,525	3,013,239	3,021,560	3,042,688	37,775,695
Interest	45,179,943	832,650	1,015,475	1,476,761	1,718,440	1,982,312	38,154,305
	<u>96,895,000</u>	<u>3,250,000</u>	<u>3,460,000</u>	<u>4,490,000</u>	<u>4,740,000</u>	<u>5,025,000</u>	<u>75,930,000</u>
March 2002 issue							
Principal	54,499,619	-	-	-	-	-	54,499,619
Interest	75,345,381	-	-	-	-	-	75,345,381
	<u>129,845,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>129,845,000</u>
March 2003A issue							
Principal	15,555,000	5,110,000	5,570,000	4,875,000	-	-	-
Interest	950,039	466,063	325,538	158,438	-	-	-
	<u>16,505,039</u>	<u>5,576,063</u>	<u>5,895,538</u>	<u>5,033,438</u>	<u>-</u>	<u>-</u>	<u>-</u>
March 2003B issue							
Principal	65,999,779	-	-	847,516	4,435,536	722,790	59,993,937
Interest	98,835,221	-	-	302,484	1,909,464	367,210	96,256,063
	<u>164,835,000</u>	<u>-</u>	<u>-</u>	<u>1,150,000</u>	<u>6,345,000</u>	<u>1,090,000</u>	<u>156,250,000</u>
December 2003C issue							
Principal	7,865,000	2,395,000	2,585,000	2,885,000	-	-	-
Interest	485,443	227,581	167,706	90,156	-	-	-
	<u>8,350,443</u>	<u>2,622,581</u>	<u>2,752,706</u>	<u>2,975,156</u>	<u>-</u>	<u>-</u>	<u>-</u>
December 2003D issue							
Principal	22,000,000	-	-	-	3,500,000	3,900,000	14,600,000
Interest	7,369,370	1,175,290	1,175,290	1,175,290	1,175,290	1,000,290	1,667,920
	<u>29,369,370</u>	<u>1,175,290</u>	<u>1,175,290</u>	<u>1,175,290</u>	<u>4,675,290</u>	<u>4,900,290</u>	<u>16,267,920</u>
February 2005 issue							
Principal	70,525,000	-	4,785,000	6,660,000	7,650,000	13,600,000	37,830,000
Interest	21,875,783	3,045,244	3,045,244	2,805,994	2,589,544	2,340,919	8,048,838
	<u>92,400,783</u>	<u>3,045,244</u>	<u>7,830,244</u>	<u>9,465,994</u>	<u>10,239,544</u>	<u>15,940,919</u>	<u>45,878,838</u>
February 2006 issue							
Principal	3,885,000	3,885,000	-	-	-	-	-
Interest	153,458	153,458	-	-	-	-	-
	<u>4,038,458</u>	<u>4,038,458</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
June 2006 issue							
Principal	11,115,000	-	3,115,000	3,325,000	2,950,000	1,725,000	-
Interest	1,439,944	-	791,944	360,000	210,375	77,625	-
	<u>12,554,944</u>	<u>-</u>	<u>3,906,944</u>	<u>3,685,000</u>	<u>3,160,375</u>	<u>1,802,625</u>	<u>-</u>
Total All Issues:							
Principal	380,083,840	19,974,529	20,790,481	22,857,839	22,852,101	24,544,453	269,064,437
Interest	293,932,889	10,885,883	11,200,567	11,097,302	12,446,871	11,044,044	237,258,222
	<u>\$674,016,729</u>	<u>\$ 30,860,412</u>	<u>\$ 31,991,048</u>	<u>\$ 33,955,141</u>	<u>\$ 35,298,972</u>	<u>\$ 35,588,497</u>	<u>\$506,322,659</u>

SCHOOL DISTRICT U-46

Schedule of Tax Levies and Collections - Last Five Levy Years
June 30, 2006

	Kane	Cook	DuPage	Total	Total Collections	Balance Uncollected	Collections as a Percentage of Tax extended
2005 levy:							
Equalized Assessed Valuation	\$ 1,790,572,445	\$ 1,892,150,998	\$ 1,156,852,488	\$ 4,839,575,931			
Education	\$ 59,980,963	\$ 62,226,815	\$ 37,027,378	\$ 159,235,156	\$ 69,149,670	\$ 90,085,486	
Operations and Maintenance	6,168,980	6,541,959	4,096,415	16,807,354	7,347,203	9,460,151	
Transportation	1,923,970	2,088,467	982,168	4,994,605	2,162,750	2,831,855	
Working Cash	-	-	-	-	-	-	
IMRF	1,542,284	1,773,767	1,092,069	4,408,120	1,930,591	2,477,529	
Tort Immunity	1,005,824	1,262,617	861,855	3,130,296	1,378,990	1,751,306	
Bond and Interest	11,502,431	12,770,192	7,317,092	31,589,715	13,775,688	17,814,027	
Special Education	658,030	696,155	436,133	1,790,318	778,912	1,011,406	
Fire Safety and Prevention	450,826	659,917	327,389	1,438,132	627,142	810,990	
Social Security	1,542,284	1,773,767	1,092,069	4,408,120	1,930,592	2,477,528	
	<u>\$ 84,775,592</u>	<u>\$ 89,793,656</u>	<u>\$ 53,232,568</u>	<u>\$ 227,801,816</u>	<u>\$ 99,081,538</u>	<u>\$ 128,720,278</u>	<u>43.49%</u>
2004 levy:							
Equalized Assessed Valuation	\$ 1,677,248,456	\$ 1,413,593,357	\$ 1,080,926,035	\$ 4,171,767,848			
Education	\$ 55,494,332	\$ 60,060,840	\$ 34,706,373	\$ 150,261,545	\$ 148,998,352	\$ 1,263,193	
Operations and Maintenance	5,477,181	6,187,370	3,679,472	15,344,023	15,716,030	(372,007)	
Transportation	2,065,062	2,206,960	1,079,845	5,351,867	4,820,187	531,680	
Working Cash	-	-	-	-	-	-	
IMRF	1,442,263	1,576,400	1,044,175	4,062,838	4,994,030	(931,192)	
Tort Immunity	1,546,693	157,999	1,123,082	2,827,774	4,047,735	(1,219,961)	
Bond and Interest	9,806,016	10,958,088	6,281,261	27,045,365	27,058,953	(13,588)	
Special Education	584,238	630,560	402,104	1,616,902	1,674,324	(57,422)	
Fire Safety and Prevention	524,474	591,150	383,729	1,499,353	1,596,521	(97,168)	
Social Security	1,442,263	1,576,400	1,044,175	4,062,838	4,994,030	(931,192)	
	<u>\$ 78,382,522</u>	<u>\$ 83,945,767</u>	<u>\$ 49,744,216</u>	<u>\$ 212,072,505</u>	<u>\$ 213,900,162</u>	<u>(\$ 1,827,657)</u>	<u>100.86%</u>
2003 levy:							
Equalized Assessed Valuation	\$ 1,576,533,429	\$ 1,413,593,357	\$ 1,009,843,005	\$ 3,999,969,791			
Education	\$ 55,449,834	\$ 54,260,960	\$ 32,933,000	\$ 142,643,794	\$ 140,529,430	\$ 2,114,364	
Operations and Maintenance	5,912,000	5,453,760	3,480,929	14,846,689	14,615,652	231,037	
Transportation	1,576,533	2,647,840	1,111,837	5,336,210	4,770,911	565,299	
Working Cash	-	-	-	-	-	-	
IMRF	1,576,533	1,896,960	1,272,402	4,745,895	4,040,407	705,488	
Tort Immunity	1,617,523	1,661,891	940,164	4,219,578	4,062,831	156,747	
Bond and Interest	9,334,654	10,251,390	5,944,946	25,530,990	24,542,882	988,108	
Special Education	630,613	553,280	371,622	1,555,515	1,549,512	6,003	
Fire Safety and Prevention	788,267	632,320	-	1,420,587	1,275,596	144,991	
Social Security	1,576,533	1,896,960	1,272,402	4,745,895	4,040,407	705,488	
	<u>\$ 78,462,490</u>	<u>\$ 79,255,361</u>	<u>\$ 47,327,302</u>	<u>\$ 205,045,153</u>	<u>\$ 199,427,628</u>	<u>\$ 5,617,525</u>	<u>97.26%</u>

Note: Cumulative collections may exceed 100% in one year due to the timing of extensions and receipts and may be reallocated in the following year.

SCHOOL DISTRICT U-46

Schedule of Tax Levies and Collections - Last Five Levy Years
June 30, 2006

	Kane	Cook	DuPage	Total	Total Collections	Balance Uncollected	Collections as a Percentage of Tax extended
2002 levy:							
Equalized Assessed Valuation	\$ 1,422,742,761	\$ 1,401,053,108	\$ 916,982,047	\$ 3,740,777,916			
Education	\$ 50,170,178	\$ 50,284,000	\$ 30,389,702	\$ 130,843,880	\$ 131,430,112	(\$ 586,232)	
Operations and Maintenance	5,335,285	4,718,960	3,153,501	13,207,746	13,274,884	(67,138)	
Transportation	2,444,272	2,514,200	1,470,839	6,429,311	6,457,390	(28,079)	
Working Cash	355,686	618,880	240,249	1,214,815	1,215,140	(325)	
IMRF	1,880,866	1,547,200	1,149,895	4,577,961	4,602,490	(24,529)	
Tort Immunity	1,422,743	952,894	1,426,824	3,802,461	3,822,380	(19,919)	
Bond and Interest	7,596,024	7,861,500	4,729,793	20,187,317	20,274,131	(86,814)	
Special Education	544,910	502,840	331,948	1,379,698	1,386,392	(6,694)	
Fire Safety and Prevention	570,520	618,880	238,415	1,427,815	1,436,013	(8,198)	
Social Security	1,880,866	1,547,200	1,151,729	4,579,795	4,604,323	(24,528)	
	<u>\$ 72,201,350</u>	<u>\$ 71,166,554</u>	<u>\$ 44,282,895</u>	<u>\$ 187,650,799</u>	<u>\$ 188,503,255</u>	<u>(\$ 852,456)</u>	<u>100.45%</u>
2001 levy:							
Equalized Assessed Valuation	\$ 1,309,374,391	\$ 1,280,892,295	\$ 837,212,261	\$ 3,427,478,947			
Education	\$ 47,509,685	\$ 48,639,695	\$ 30,452,759	\$ 126,602,139	\$ 125,764,438	\$ 837,701	
Operations and Maintenance	4,454,197	4,502,706	2,855,731	11,812,634	11,734,883	77,751	
Transportation	2,067,334	2,089,491	1,321,958	5,478,783	5,442,776	36,007	
Working Cash	594,069	600,851	381,769	1,576,689	1,541,198	35,491	
IMRF	1,128,941	1,139,165	722,514	2,990,620	2,970,993	19,627	
Tort Immunity	1,548,199	1,564,665	990,422	4,103,286	4,076,324	26,962	
Bond and Interest	6,853,963	7,404,509	4,418,806	18,677,278	18,403,334	273,944	
Special Education	474,468	480,681	305,582	1,260,731	1,252,433	8,298	
Fire Safety and Prevention	557,247	562,838	356,652	1,476,737	1,640,113	(163,376)	
Social Security	1,520,593	1,535,236	972,841	4,028,670	4,002,216	26,454	
	<u>\$ 66,708,696</u>	<u>\$ 68,519,837</u>	<u>\$ 42,779,034</u>	<u>\$ 178,007,567</u>	<u>\$ 176,828,708</u>	<u>\$ 1,178,859</u>	<u>99.34%</u>

Note: Cumulative collections may exceed 100% in one year due to the timing of extensions and receipts and may be reallocated in the following year.